



This book is written by two Moscow University professors who on several occasions visited the United States of America to study documentary sources in the US National Archive and in the libraries of the Columbia, Harvard, Wisconsin and other universities. In addition, the authors have made an extensive use of works by Soviet and foreign scholars.

N. Sivachyov and E. Yazkov trace the socio-economic and political developments in the USA from the end of World War I up to the 1970s and analyze various theories advanced by US economists, sociologists and historians. A prominent place in the book is given to mass democratic movements, and the authors also pay considerable attention to Soviet-American relations.



*N. Sivachyov, E. Yazkov*

# **History of the USA since World War I**



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ИСТОРИЯ США  
ОТ ПЕРВОЙ МИРОВОЙ ВОЙНЫ  
ДО НАШИХ ДНЕЙ  
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## INTRODUCTION

The United States of America is the leading capitalist country in the world. For more than three quarters of a century it has held the lead in the world in terms of the level of economic development. Recently, and notably during the last 15-20 years, the USA has achieved a high degree of scientific and technological progress. However, a worsening of the contradiction between the high level of development of the productive forces and capitalist relations of production, founded on private property and the exploitation of man by man, has been especially characteristic of this same United States. In its attempts to preserve and strengthen the outmoded socio-economic system American imperialism, claiming the role of permanent leader of the capitalist world, has become a brake on social progress of mankind.

At the same time the strengthening of the socialist camp, the dimensions of the national liberation movement and the growth of the workers' and democratic movement in the capitalist countries are changing the global alignment of forces and compelling influential segments of the American monopoly bourgeoisie to adopt a more realistic position on the pivotal international problems, to move toward the normalization of Soviet-American relations and to recognize the principles of peaceful coexistence of states with different socio-economic systems.

These circumstances explain the profound interest in the history of the United States. The study of the historical development of the citadel of modern capitalism and an



analysis of its relations with other capitalist states and countries of the socialist system provide understanding of the cores of the processes obtaining in the world throughout the last half-century.

The present work investigates the basic problems of the socio-economic and political history of the United States in recent times, that is, during the period of the general crisis of capitalism which began at the time of World War I and became the pre-eminent feature in the bourgeois world after the victory of the Great October Socialist Revolution. The general crisis of capitalism has engulfed all the foundations of society based on the principles of private property. But capitalism is not yielding passively or automatically before the new social order. The dominant thrust of the public activity of the bourgeoisie in recent times is that of confrontation with socialism. The methods employed in this struggle are diverse: from military intervention to the propagation of anti-socialist ideas. However, the more perspicacious and realistic representatives of this class are now forced to support the idea and policy of peaceful coexistence.

As the productive forces of society develop and the social character of production intensifies capitalism is progressively forced to accommodate itself to the objective process of socialization by directing it along the state-monopoly path. In substance the development of state-monopoly capitalism represents a complex and contradictory process of state incorporation, encompassing the entire structure of contemporary capitalist society. The adjustment of private property relations to the objective process of socialisation explains the relative vitality of capitalism in the twentieth century. However, by adopting the bourgeois-collectivist way of counteracting the general crisis of capitalism the ruling class is unintentionally shaking the foundations of private ownership. The development of state-monopoly capitalism, reflecting the deterioration of the foundations of private ownership, is creating objective prerequisites for the establishment of the socialist mode of production. It was for this reason that Lenin considered that "state-monopoly capitalism is a complete *material* preparation of socialism, the

*threshold* of socialism, a rung on the ladder of history between which and the rung called socialism *there are no intermediate rungs*".<sup>1</sup>

The basic dilemma faced by the world in recent history was the following: is it the capitalist or the socialist system that gives the greatest leeway for the development of the productive forces, for social progress and for the true emancipation of the individual? Which of them provides the real conditions for carrying out the age-old dream of mankind—elimination of wars? In a brief historical interval—all in all in the six decades following the outbreak of World War I—the answer to the question has already been established. The socialist system has convincingly demonstrated its superiority over modern state-monopoly capitalism. This allows the countries of the socialist community to look with confidence at the future, for it is with socialism.

It is proceeding from these principles that the authors of the present work approach the recent history of the USA. Discussing the socio-economic development of the United States they devote the most attention to the evolution of state-monopoly capitalism, its basic stages, forms and methods, and to the formation and development of the basic direction of contemporary state-monopoly ideology.

The work considers in detail the most important stages of US foreign and domestic policy. Here the authors endeavored to clarify the deployment of class forces in the country and explain the balance of forces within the camp of the big bourgeoisie, taking into account the existence of two basic trends in this policy: the reactionary drives and adventurism on the one hand and the more realistic approach to domestic and international problems on the other. The latter is emerging as a result of the domestic pressure of the masses and is influenced by the struggle of two systems on the international arena.

The authors devote much space to the struggle of the workers and Black people, and other democratic movements. The study of the basic stages of the struggle of the American

<sup>1</sup> V. I. Lenin, *Collected Works*, Vol. 25, p. 359.

proletariat and other segments of the working people during the past half-century reveals how far from the truth is the assertion of "class harmony" in the USA made by apologists for the bourgeois order. It further reveals the present-day growing influence the masses of people exert on the life of society.

Finally, the work analyzes the pivotal problems of the ideological struggle and subjects to criticism various bourgeois theories currently in vogue in the United States.

The work is based on a lecture course in the history of the United States given at the history department of Moscow State University for several years. The authors endeavored to draw upon the studies of both American and Soviet scholars. In addition, a number of questions demanded independent research on their part.

## *Chapter I*

### **THE MAIN TRENDS OF CLASS STRUGGLE IN THE USA BETWEEN 1918 AND 1923**

#### **1. The Aftermath of World War I in the USA. The Foreign Policy of the Wilson Administration During 1918-1920**

Even in the prewar imperialist development the United States of America became the world's most powerful industrial nation. It held first place in both the rate of industrial growth and the overall volume of industrial output. Lenin wrote in 1915: "The USA is unrivalled either in the rate of development of capitalism at the turn of the century, or in the record level of capitalist development already attained; nor has it any rival in the vastness of the territory developed with the use of the most up-to-date machinery, which is adapted to the remarkable variety of natural and historical conditions."<sup>1</sup>

World War I facilitated an even greater upswing in the US economy. The country was put in an extremely favorable position. Military operations swept through nearly every European country but did not touch the American continent. While the war inflicted incalculable losses upon the European peoples by snuffing out millions of lives and destroying thousands of factories and residences and even entire industrial districts, the United States did not undergo anything of the kind. The American army began to participate in hostilities only in the summer of 1918, that is, at the close of the war. The human losses suffered by the USA were minor compared to those of other countries, totalling 120 thousand dead in action and from disease and 230

<sup>1</sup> V. I. Lenin, *Collected Works*, Vol. 22, p. 17.



thousand wounded. Consequently, the USA did not experience the massive destruction of its productive forces which was inflicted upon Europe.

Moreover, the USA took advantage of the situation to reap windfall profits. It functioned as a supplier of munitions, foodstuffs and raw material to the belligerent nations. Between 1914 and 1919 American exports rose from \$2.4 to 7.9 billion attaining more than a threefold increase. The monopoly bourgeoisie in the USA drew in huge profits. During these years net monopoly profit was estimated at \$33.6 billion.

The enormous resources now at the disposal of the corporations provided for major new investments in American industry. The ensuing industrial upsurge further increased the proportion of American production in world industrial output. By 1920 it accounted for approximately half of world output of coal, three-fifths of iron and steel production, two-thirds of oil extraction and 85 percent of world automotive output.

Thus, the first important result of US development between 1914 and 1918 was a further increase in economic might and a strengthening of its position as the economically most powerful country in the world.

It was of even more significance that as a result of World War I the international financial position of the United States was fundamentally altered. Before the war it had lagged considerably behind the other imperialist states in the export of capital. According to data from 1914, American foreign investments amounted to \$3 billion, a figure ten times less than British, six times less than French, and 4.5 times less than German foreign capital investments. On the other hand, European investments in the USA stood at \$5 billion in 1914, significantly exceeding American foreign investments.

Payments for the enormous military purchases from the USA by the Entente countries significantly reduced US foreign indebtedness. By 1919 European long-term investments in the United States had been cut to \$3 billion. At the same time the needs generated by the war served to

stimulate an enormous upsurge in the export of American capital. The pre-eminent form taken by such exports was that of loans for the military needs of the European countries. By the outset of the 1920s these loans had reached the sum of \$11 billion. In addition, during the war American private investments abroad more than doubled, reaching \$6.5 billion by 1919.

Thus, the second important consequence of the war was the transformation of the United States from debtor status to that of one of the basic creditors of the European countries.

The sharp increase in the relative weight of the USA in world industrial output, foreign trade and international finance inexorably signalled its increasing influence in international politics. The American monopoly bourgeoisie demanded an active expansion of US spheres of interest. Reflecting these expansionist strivings the Democratic Administration under President Wilson in 1917 adopted a policy directed at gaining "world leadership".

A specific program for the aggressive pursuit of imperialist expansion was set forth by the President in a message to Congress dated January 8, 1918 and became famous as Wilson's Fourteen Points.

At first glance the President's program for postwar reconstruction appeared to be fairly democratic. It spoke of the necessity of abolishing the secret treaties concluded during the war years by the Entente, of recognizing the right to self-determination of the peoples of the colonial countries, of the proclamation of freedom of the seas, of liquidation of tariff barriers, etc. Imperialist propaganda made no small effort to proselytize the image of a "peace-loving" America throughout the world.

In reality behind these demagogic slogans were hidden the imperialist plans of the ruling circles of the USA. The United States opposed secret treaties because it had not participated in the making of them and feared being left out of the spoils. By proposing that these agreements be abolished it hoped to employ its augmented economic and financial might to conclude other, more profitable and no less ex-

pansionist treaties to redivide the world. The USA reckoned that international recognition of the slogans of "equal weight", "the removal of all economic barriers" and so forth, would help undermine the positions of the European imperialist powers in the backward countries of Asia, Africa and Latin America and hoped in the final result to occupy these very same positions.

The efforts of US representatives to the Paris Peace Conference of 1919 were directed at the fulfilment of this program of active imperialist expansion. American imperialism made every effort to preclude the excessive strengthening of its allies—Britain and France. Taking their cue from this the US representatives stubbornly defended the idea of maintaining a sufficiently powerful Germany to function under US influence as a counterweight to Britain and France. With the same goal in mind of weakening European partners the US delegation proposed an "open door" policy in all possessions of Germany and the Ottoman Empire that were to be divided, at the same time endeavoring to gain a US mandate over a number of territories in the Pacific Ocean and the Middle East. The American delegation wielded levers of influence such as the war loans to force Britain and France to recognize these claims.

The same considerations of gaining a dominant position in the world for the USA guided the American plans to create a League of Nations, avidly advocated by President Wilson. Wilson and his supporters on several occasions declared that the formation of the League would signal the spreading of the Monroe Doctrine to the entire world. According to the schemes of US ruling circles the new international organization was to serve as a tool for meeting the growing expansionist designs of American imperialism.

However, the United States encountered stubborn resistance from Britain and France in its drive for world hegemony. The American representatives in Paris could not overcome this resistance. Consequently the outcome of the Paris Peace Conference of 1919 was as a whole unfavorable to the USA. The central stakes in the postwar redivision of the world—the former German colonies in Africa and the

Pacific and Turkish possessions in the Arab East—were placed under the administration of Britain, France and Japan. The USA did not gain a single one of the mandated territories. The American proposals on the status of Germany in postwar Europe were not accepted either. Finally, the dominant position in the League of Nations was achieved by France and Britain rather than by the United States.

The defeat of US plans at the Paris Peace Conference is to be explained chiefly by the continuing relative weakness of the foreign policy positions occupied by American imperialism. The United States lagged far behind its European competitors in the size of its Army and Navy, in the number of colonial possessions and in the strength of its economic ties and military-political alliances. This served as a break in the US striving for world leadership.

Wilson's diplomatic defeat at the Paris Conference and the collapse of American plans for achieving world hegemony aroused serious discontent among influential domestic financial circles. Their views were expressed by a powerful opposition group headed by Henry Cabot Lodge, the Chairman of the Senate Foreign Affairs Committee. Taking advantage of Republican majorities in both House and Senate a group of Senators headed by Lodge began in the summer of 1919 a stubborn struggle against the ratification of the Versailles Treaty just signed by Wilson.

Raising the banner of isolationism, Lodge's supporters condemned Wilson's plan for "international cooperation" within the framework of the League of Nations. They called for a rejection of participation in this organization. The Lodge group considered that entry into an alliance with European countries was admissible only when United States supremacy was guaranteed from the outset. Accordingly the group called for a free hand for the United States, hoping therein to achieve a step by step military and political dominance over the united front of European imperialist powers and simultaneously to create a firmer basis for carrying on the struggle for world supremacy. It is clear that there were no points of fundamental difference between Lodge's isolationists and supporters of the Wilson plan. The



sharp clashes that occurred were merely a reflection of a struggle among various groupings of the American monopoly bourgeoisie over the optimal methods of achieving world hegemony.

However, the isolationist movement in the United States represented a much more complex phenomenon. It included a large proportion of the farm population as well as the petty and middle urban bourgeoisie, who were sharply hostile to the monopolies. The interests of these petty bourgeois segments were expressed by another group of isolationists which included Republican Senators William E. Borah, Robert M. La Follette, George W. Norris and others. This democratic-minded wing of the isolationist movement spoke out against imperialist policies, militarism and colonial expansion and led a campaign for non-interference by the United States in European affairs. This showed them to be fundamentally different from both the Lodge isolationist group and the Wilsonites.

Nevertheless, during the discussions on the ratification of the Treaty of Versailles the Republican Party leadership headed by Lodge succeeded in gaining the support of both groupings, despite fundamental differences separating them. Their common effort led to the rejection in March 1920 by the Senate of the Treaty of Versailles together with the resolutions on the League of Nations. The foreign policy adopted by the Wilson Administration during World War I suffered a defeat.

A major military and political defeat also awaited the Wilson Administration in another area of foreign policy—the struggle against Soviet Russia.

The news of the victory of the October Revolution aroused fear and hatred in US ruling circles. Thus, soon after the proclamation of Soviet power in Russia the United States, acting in concert with other major imperialist powers, moved towards a decisive struggle against the young Soviet Republic. In the summer of 1918 the first contingents of American troops occupied, jointly with British and French forces, large expanses of the Russian North. At the same time an American Expeditionary Corps landed in the

Soviet Far East in the wake of major formations sent by Japan.

However, the imperialist calculations were disrupted. The Red Army and the population decisively rebuffed the interventionist troops. Military defeats undermined their fighting ability. Incidents of insubordination to superiors were frequently recorded. The soldiers and sailors sent to crush the Soviet Republic expressed a growing unwillingness to fight against the workers and peasants of revolutionary Russia.

The powerful blows delivered by the Red Army, the fear of revolutionary actions in the West, the deterioration and agitation seen among the occupation troops, and, finally, the sharp contradictions among the capitalist countries combined to force the imperialists to call off the open armed intervention against the Republic. In the summer of 1919 American troops were evacuated from the Russian North and in 1920 they were forced to leave the Far East.

Though halting the employment of their own troops the leaders of the major industrial powers continued to do all they could to support the internal counterrevolution in Russia with money, weapons, munition and supplies. Officialdom in Washington was one of the most ardent advocates of such an anti-Soviet trend.

For several years the Soviet people were forced to carry on a difficult struggle against the united forces of international imperialism and internal counterrevolution. The Soviet Government tried on many occasions to achieve a complete halt to the foreign intervention. Proceeding from the principles of peaceful coexistence of states with different social systems, it made several offers to establish close economic cooperation between Soviet Russia and other countries, including the USA. An unofficial mission of the Russian Soviet Republic was set up under L. Martens in New York and began its efforts to establish ties with US business circles.

But the Wilson Administration continued to ignore all Soviet offers of peace and economic cooperation. In August 1920 a note from Secretary of State Bainbridge Colby

officially declared that the US government continued to support its earlier policy of non-recognition of Soviet Russia and looked extremely unfavorably upon all attempts to normalize relations.

It comes as no surprise that in the tense atmosphere of the postwar years this shameful policy of armed intervention against Soviet Russia coupled with attempts to establish an economic blockade and diplomatic isolation of the Soviet Republic aroused dissatisfaction and indignation among the American people.

## **2. The Internal Situation and the Basic Factors of Intensified Class Struggle**

The economic upsurge in the USA provoked by war needs served to accelerate the process of concentration of production and capital which is generally typical of capitalism. While in 1914 35 percent of all workers in the manufacturing industries were employed in the largest enterprises with an annual production value of over \$1 million, by 1919 the corresponding figure was 57 percent. The share of total output held by such manufacturing firms jumped from 48.5 to 68 percent. In other words more than half of the industrial workers and two thirds of industrial output in the USA were concentrated in the hands of the largest monopolies.

The economic predominance of a handful of gigantic trusts during the war was reinforced by the entire weight of the bourgeois government, which to an unprecedented degree intensified its direct interference in the process of capitalist reproduction. With the goal of expediting the mobilization of economic resources for war needs the War Industries Board and several military economic boards, for particular industries were established in the USA during 1917 and 1918. Their functions included distribution of war contracts and ensuring the flow of raw material, fuel and manpower as well as the smooth functioning of transport facilities for industry. The boards were headed by the most

powerful capitalists or by political figures with connections with one or another monopoly group.

The war also witnessed a significant growth in the role of the Federal Reserve System created by the Wilson Administration in 1913. The centralization of the banks gave the financial oligarchy and closely intertwined government apparatus a powerful lever of control over the country's economic life. As a whole the system of state regulation turned out to be one of the most important ways of subordinating the national economy to the interests of the financial oligarchy.

The transition to direct state regulation of the economy, a process which during these years occurred not only in the United States, but in other developed capitalist countries as well, indicated the beginning of development of monopoly capitalism into state-monopoly capitalism.

The linking of monopoly power with that of the state and the unquestionable economic dominance held by a handful of the largest trusts had an extremely unfavorable impact on the situation of the basic segments of the working class. To be sure, during the wartime industrial boom, marked by a reduction of unemployment and an abundance of overtime work, wages in the key industrial and transport sectors in the USA somewhat increased. However, in absolute terms the earnings of the overwhelming majority of industrial and transport workers, not to mention farm hands, remained wholly insufficient to provide normal living conditions. According to official data 83 percent of American workers received less than \$1,000 in 1920 while the subsistence minimum for a family of five varied, according to the most modest estimates, from \$1,200 to \$1,500 with price fluctuations from region to region.

The ruination of the petty-bourgeois segments stepped up considerably. In a three-year period extending from 1917 through 1919 more than 32 thousand industrial enterprises, farms, trade firms and banks declared bankruptcy.

All of these economic processes further augmented the scandalous inequality in the distribution of national wealth and increased the gulf between the handful of major capital-



ists and the millions of working people. The former, comprising but 1 percent of the population, held 59 percent of the national wealth in their hands, while the share of the working class, farmers and the urban petty bourgeoisie, i.e., 87 percent of the population, amounted to 10 percent of the total national wealth.

The substantial changes in the socio-economic picture brought in their aftermath major political changes as well. The establishment of state-monopoly capitalism entailed an intensification of reactionary tendencies in domestic politics. During World War I and notably after the victory of the October Revolution in Russia the Wilson Administration rejected the earlier proclaimed liberal slogans of a "new freedom" and moved to repress the participants in the labor and democratic movements. As early as 1917-1918 extraordinary wartime laws were used to arrest and hand out long prison terms to leading figures in the Socialist Party of the USA, including Eugene V. Debs, Charles E. Ruthenberg, Victor Berger and others as well as the entire leadership of the left-wing organization of trade unions, the Industrial Workers of the World (IWW), headed by William Haywood. At the close of 1919 and outset of 1920 mass political arrests of "radicals" were carried out throughout the country at the instruction of Attorney General A. Mitchell Palmer. Thousands of workers and progressive intellectuals seized during the Palmer Raids were thrown into prison or deported.

All kinds of reactionary and chauvinist organizations stepped up their activities. Prominent among them was the American Legion, a society of war veterans founded in 1919 at the initiative of reactionary army officers, and the terrorist units of the Ku Klux Klan. After World War I influential groups of big capitalists took to financing these reactionaries. This explains why the efforts of these organizations were directed primarily at suppressing the left forces of the democratic and labor movement and at the struggle against any manifestations of radicalism.

The assault by monopolistic reactionaries against the democratic forces took place under the slogan of "defending

Americanism". Hysteric appeals to "save" America from Bolshevism and other "subversive foreign influences" sounded forth from Congress and state legislative bodies, from church pulpits and in the pages of journals and newspapers. A slightest deviation from official ideology or rejection of traditional paeans for the "American way of life" was regarded as "unpatriotic" and warranting persecution, according to the avid supporters of "Americanism", with all available means.

The rejection by the Wilson Administration of the liberal slogans of the so-called progressive era and the intensification of rightist tendencies in domestic politics as well as the rampant reaction and chauvinism combined to arouse the indignation of democratic segments of the population and served as yet one more important contributor to the intensification of the class struggle in the USA.

Finally, the immense ideological influence of the October Revolution added further weight to these internal factors contributing to the upsurge in the mass movement in the country. Despite the furious mudslinging campaign of reactionary circles against the Soviet Republic, the truth about the events in Russia gradually seeped through to the working class and democratic community. A major role in acquainting the working people of the USA with the true history of the Russian Revolution was played by the eyewitness accounts written by progressive American journalists and political figures such as John Reed, Albert R. Williams, Louise Bryant, and by the left socialist press, which published the first decrees of Soviet power as well as a number of articles by Lenin, including "Letter to American Workers".

The ideological influence of the October Revolution facilitated development of political consciousness of the working class and other democratic forces in the USA. This could not but affect the domestic political situation and created favorable conditions for an upsurge in the popular movement.

### 3. The Upsurge in the Labor and Democratic Movement (1918-1920)

The strike movement of the working class was the linchpin of the mass movement in the United States after World War I. During these years it advanced to a higher stage compared to that of the preceding period. While in 1917 there were 1,227 thousand strikers and in 1918—1,240 thousand, in 1919 the number rose to 4,160 thousand—increasing by almost 3.5 times. Never before had such a level of strike activity been reached in the United States.

Significant changes took place in the nature of the strike movement as well. During the major strike actions of 1919-1920 the American workers advanced not only the broad economic demands which had already become traditional for the proletariat of the developed capitalist countries (the eight-hour workday, wage increases, recognition of the right of collective bargaining and to organize unions) but also put forth much more radical demands for the nationalization of a number of sectors of industry and transport.

The most widely circulated plan was that put forward by the leadership of the railway unions for the nationalization of the railways. Trade union functionaries also widely discussed nationalization of the coal industry, of hydro-power plants, the telegraph and telephone network and other branches of the service sector. Even the American Federation of Labor (AFL) could not remain detached from this militant program. In June 1920, a majority at a congress of the AFL overrode the objections of the leadership to pass a resolution demanding the immediate nationalization of the railways.

An important event in the history of the class struggle in the USA was the general strike in Seattle in February 1919. Roughly 60 thousand workers went on strike in solidarity with shipyard workers who were fighting for wage increases and a shorter workday. The strike committee formed by representatives of the various unions included in the Seattle Central Labor Council appealed to the strikers to fight for the "socialization" of a number of enterprises as well as to

support the economic demands of the shipyard workers. For an interval of several days the city was under the control of the strike committee.

The events in Seattle spread confusion among the local authorities and the federal powers. All the forces of "law and order" were brought out to crush the strikers. Federal troops were sent in under the pretext of combatting the "Bolshevik threat". The leaders of the strike became the object of a crude campaign of slander and coercion. The executive committee of the AFL condemned the actions of members of the strike committee and threatened them with dismissal from their positions and even expulsion from the unions. These efforts weakened the strike and forced the workers to return to their jobs without having achieved their goals.

The Seattle strike was only the beginning of a powerful strike wave among American workers. The culminating point was reached with the events of autumn 1919.

Workers of the steel smelting industry were at the forefront of the struggle. Their strike began on September 22, 1919 and spread through 10 states with 365 thousand workers taking part. They demanded an eight-hour workday, a standard scale of wages, union recognition and the right of collective bargaining. The National Committee for Organizing Iron and Steel Workers, founded in 1918 at the initiative of William Foster and other members of the trade union left wing, was at the head of the strike. During the strike the Committee achieved the important goal of creating a union of steel workers. By early 1920 the union had attracted more than 250 thousand members—roughly 60 percent of all workers engaged in the industry.

The Steel Trust and other companies whose works were affected by the strike categorically refused to negotiate with the strikers. Instead they began mass recruitment of strike-breakers, bringing in the vicinities of the strikes tens of thousands of backward and unqualified workers, primarily Blacks, who, as a rule, were outside the ranks of the organized labor movement. Police and troops were sent to put down the strikers. More than 20 workers fell victim to the



terror unleashed by the police and bosses, and several thousand strikers were thrown in prison.

Despite the difficult circumstances the workers held out for nearly four months. It was only in January 1920 that, exhausted and lacking the necessary support from workers in other branches of industry, they were forced to end resistance. The steel smelters' union organized during the strike soon disintegrated. The workers' struggle was not entirely in vain, however: early in 1920, the Steel Trust increased wages by approximately 10 percent and later allowed a reduction in the workweek.

Workers of the coal industry engaged in an active strike effort almost at the same time as the steel workers. In September 1919 a conference of the United Mine Workers' Union demanded a 60 percent wage increase, a 30-hour workweek, increased scales for overtime work and the elimination of fines. A resolution calling for nationalization of the coal mines was met with great enthusiasm.

On November 1, 1919, after the owners turned down the union's demands more than 400 thousand miners stopped work. They had to fight against the entire bourgeois state apparatus as well as against the united forces of the mine owners. President Wilson made a public statement as early as October 1919 in which he stated that a strike in the coal industry would be "unjustifiable" and "unlawful" and that the government would try to find means to "defend the nation". Acting accordingly Attorney General Palmer, a week after the strike began, signed an official order commanding the miners immediately to return to work. The leaders of the United Mine Workers' Union appealed to the workers to submit to the government injunction but many of the rank and file refused to give in. They continued the strike for several months until in March 1920 a compromise agreement was reached increasing the wages of workers in bituminous coal mines by an average of 27 percent.

The postwar years saw a substantial strengthening of the organized labor movement. While in 1918 the total membership of all unions included in the American Federation of Labor was 2,726 thousand, by 1920 it had climbed to 4,078

thousand, that is, by 50 percent in two years. In addition, the four railway brotherhoods and other trade unions independent of the AFL included several hundred thousand members, so that by the early 1920s the organized labor had drawn roughly five million members.

Still, the mass actions clearly revealed the ideological and organizational weakness of the American proletariat. The majority of the workers remained under a considerable influence of reformist ideology. The AFL leaders continued to play the leading role in the movement. However, they represented the interests of the worker elite whose economic situation had been substantially improved during the war years with handouts from the US monopoly bourgeoisie (who in turn had drawn in immense surplus profit from the war).

Reflecting the material stake of the worker aristocracy in consolidating the capitalist mode of production, the reformist union leaders headed by AFL President Samuel Gompers rejected revolutionary methods of struggle and preached the necessity of cooperation between the bourgeoisie and the proletariat. They employed the theory of labor union "neutrality" to condemn worker participation in the political struggle and efforts to form an independent party. Gompers and his followers advocated these inveterately bourgeois ideas among wide audiences of the proletariat.

Reformist dominance circumscribed the range of activities of the US labor movement. The AFL leadership kept up a steady effort to confine the workers within the framework of a purely economic struggle for improvement of terms of employment. The reformist leaders rejected the use of pickets and other energetic strike tools, thus condemning the workers to passivity in their confrontation with the solid ranks of the employers. Moreover, these leaders on several occasions made deals with the capitalists, pressing for better work conditions solely for the elite of skilled workers.

Another highly unfavorable influence on the development of the labor movement was the fact that the majority of American unions were organized on the craft rather than the industrial principle. Each union confined itself to re-

cruiting workers in one narrow trade. As a consequence millions of unqualified and semiquaified workers remained outside the organized labor. Even during the postwar period of rapid growth of the AFL and other union organizations more than 80 percent of American workers remained unaffiliated. On the other hand, the craft principle of union organization served to splinter the forces of the organized workers and to interfere with solidarity of action—thereby causing immense difficulties to the strike movement.

The weak and strong sides of the US labor movement were clearly revealed during the evolution of another important aspect of the struggle—the movement of solidarity with Soviet Russia. American workers, farmers and members of the progressive intelligentsia followed with ardent sympathy the heroic struggle of the peoples of revolutionary Russia and demonstrated the growing international solidarity of the working people. Still the majority of these groups were far from understanding the true nature of the great events taking place in Russia. Nevertheless, instinctive class awareness, as a rule, made the workers genuine supporters of the young Soviet Republic.

This explains the emergence of a widespread “Hands off Soviet Russia” movement in the United States. At mass meetings and demonstrations workers demanded the immediate withdrawal from Russia of all foreign troops and the recognition of the Soviet government as well as the establishment of amicable relations between the United States and the Soviet Republic. Radical farm groups and progressive professional organizations also took part in this campaign. The Friends of Soviet Russia League, founded in June 1919 in New York, played a major part in the movement.

Not confining their actions to political education alone, progressive American workers employed other and more effective methods of struggle. In the spring of 1918, the left-wing internationalist socialists initiated a campaign to enlist volunteers to fight in the Red Army in Russia. Hundreds of Americans expressed the wish to take weapon in hand and defend the proletarian state. Of still more significance were the incidents of refusal by dockworkers to load milit-

ary supplies for the Russian White Armies and troops of the Entente. In the autumn of 1919 stevedores in Seattle chose this method and succeeded in delaying a number of important military shipments destined for Russia. Their example was followed by dockworkers in Philadelphia and Baltimore.

In sum, the immediate postwar period in the USA witnessed an upsurge in the labor movement. In such conditions it was particularly urgent to overcome the ideological and organizational weakness of the American proletariat and to convincingly expose to the workers the stale theories of Gompersism. This is why as early as 1918-1919 a struggle was initiated by advanced unionists for independent political actions by the working people and for the creation of a mass workers' party.

The movement for independent political action had a clearly articulated anti-monopoly direction and was the result of popular indignation at the dominance of the monopolies. At the same time the movement reflected the profound disenchantment of the working people with the policies of the bourgeois parties and, on occasion, a striving to break out of the two-party tradition in the USA.

The highest level of activity in the struggle for independent political movement was demonstrated by the left labor union circles grouped about the Chicago Federation of Labor, which at that time was a rallying point for the nation's progressive labor movement. In 1918 President John Fitzpatrick of the Chicago Federation appealed to all American workers to take part in the effort to create a mass labor party. As a basis for its future platform the Federation leadership worked out and published a specific program of the central demands of US progressive forces.

The Federation program envisaged the introduction of major socio-economic changes aimed at curtailing the power of the monopolies. Pivotal to the program were demands to nationalize the railroads, shipping companies, hydroelectric enterprises, telegraph and telephone lines, grain elevators, stockyards and uncultivated land. Taxation of big capital was to be increased. The platform also included demands



for an eight-hour workday and 44-hour week, a minimum wage law, the right to organize unions and to collective bargaining, a federal social security system, public jobs for the unemployed, democratization of the US political system and elimination of all restrictions on the freedom of speech, press and assembly.

On the basis of this democratic program a movement was initiated in 1918-1919 for the organization of independent workers' parties. With the blessing of the local labor federations, workers' parties emerged in Illinois, Pennsylvania, Connecticut, Ohio, Michigan, Kansas and other states.

Soon afterwards the Chicago Federation of Labor made another important step. A nationwide workers' congress was convened in November 1919 in Chicago. The congress supported the formation of a National Labor Party. The Declaration of Principles forming the party program contained the central points of the program of the Chicago Federation which were now rendered more precise. Thus the Declaration of Principles spoke of the necessity of nationalizing all basic sectors of industry, transport and the country's banking system. The program of political demands was also expanded: it called for a halt to the intervention against Soviet Russia and for equal rights for the Black population of the USA.

The Chicago Federation of Labor and the labor parties formed in 1918-1919 under its ideological influence made up the left wing of the democratic movement. There was, however, a more moderate wing that stood in opposition to monopoly dominance and set forth a program of progressive reforms as well as ambitions for independent political activity. But confined by the limits of the two-party system they preferred to advance their ideology and programs within the framework of the existing bourgeois parties. This tactical line found broad support in a number of unions, notably in the railway brotherhoods, as well as among farmers, the urban petty and middle bourgeoisie and the progressive intelligentsia.

Sixteen railway workers' unions played a leading role in the moderate wing of the democratic movement. Their

membership numbered 1.5 million after World War I. The majority of brotherhoods of railway workers were then affiliated with the AFL, while some of them maintained their independence. Both affiliated and unaffiliated were often in sharp conflict with the official line of the AFL leadership.

Following the lead of the union activists united around the Chicago Federation of Labor, the brotherhoods of railway workers condemned the political neutrality adopted by the AFL leaders. However, mirroring the position of the more moderate union elements the brotherhood leaders also categorically rejected the move to create an independent labor party. They concentrated their efforts on the primary elections, hoping to advance their own independent candidates on the lists of the Democratic or Republican Party and to facilitate their election to local and federal electoral positions. Of course, this tactical line was merely the most elementary form of independent political activity, but by comparison with the complete apoliticism typical of the majority of the AFL unions it was undoubtedly a step forward.

Practical confirmation of certain efficacy of such methods was given by the activities of the Non-Partisan League established back in 1915 in North Dakota. The leader of the League was a local farmer by the name of Arthur C. Townley.

Under the leadership of the Non-Partisan League the farmers of North Dakota began their struggle to curtail the economic and political dominance of big capital. The League won a major victory in the 1918 elections. Managing to place its own candidates on the electoral lists of the Republican Party it then proceeded to win all important administrative positions in the state, including that of governor, and assured itself a majority in both houses of the state legislature.

Between 1919 and 1920, an entire complex of democratic reforms were passed in North Dakota under the auspices of the Non-Partisan League. A state bank was established to finance various sectors of the economy and to provide credit

on easy terms for the farmers. With a loan issued by the bank North Dakota began the construction of public grain elevators and flour mills intended to undercut those established by private wholesale firms. A number of other measures followed, such as introduction of a progressive income tax, a reduction of rail tariffs and of interest on loans, and establishment of a system of compensation for disabled workers. Finally, a housing association was set up and began to issue loans on easy terms to workers and farmers to facilitate the purchase or building of new homes.

The energetic actions of the Non-Partisan League met with fierce resistance from monopoly capital. This created serious obstacles in the implementation of their plans. Nevertheless, the struggle for practical fulfillment continued. Even the partial successes achieved by the Non-Partisan League organizations were of great significance beyond the state boundaries as well as within, since they demonstrated to the farmers and workers that united they could to a certain degree curtail monopoly dominance.

It was no coincidence that the popularity of the League extended well outside North Dakota. By early 1920 it had branches in 15 Western states with a membership of 250 thousand.

Various petty-bourgeois and liberal bourgeois groupings known by the general nomenclature of "Progressives" also belonged to the moderate wing of the democratic movement. Among these groups the most active role was played by the Committee of Forty-Eight. This organization took shape in 1918-1919 on the basis of a small group of petty-bourgeois intellectuals, formerly members of the defunct Progressive Party that emerged during the election campaign of 1912. The leaders of the Committee of Forty-Eight, headed by J. A. H. Hopkins the former national secretary-treasurer of the Progressive Party, set as their goal the organization of a broad democratic coalition to coalesce the activities of the progressive movement in the country's forty-eight states (hence the title).

A group of left-leaning Republicans under Senator La Follette also played a conspicuous role in the democratic

movement of 1918-1920. In his public speeches and in his *La Follette's Weekly Magazine* (founded 1909) he advocated a program of democratic anti-monopoly reforms. This program, whose theoretical underpinnings were provided by the famous American economist Thorstein Veblen, found a measure of support among other prominent political figures in the USA, including Senators George W. Norris, William E. Borah, Hiram Johnson and the eminent journalist William Allen White.

The petty-bourgeois Progressives also provided a sharp condemnation of American governmental policy *vis à vis* Soviet Russia. The anti-imperialist tendencies of all these social groups standing in opposition to the monopolies were expressed by the left Republican faction and by the liberal journals *The Nation* and *The New Republic*. To be sure, Senators Borah, La Follette, Norris, Johnson, the editor of *The Nation* Oswald Garrison Villard and other members of the petty- and liberal-bourgeois circles were not advocates of socialism and often spoke out against the dictatorship of the proletariat. However, they did understand that Soviet power established in Russia was firm and invincible for it enjoyed the support of the overwhelming majority of the population. Taking their cue from this realistic evaluation the left Republicans and other Progressives began as early as 1918 to campaign for an end to the anti-Soviet intervention and for withdrawal from Russia of all foreign troops. In 1920 they joined the campaign to establish normal diplomatic and trade relations between the USA and the Soviet state.

The radical farm groups and the petty-bourgeois progressive currents reflected the interests of the middle strata of capitalist society. This segment of the population was a substantial one relative to the other social layers. According to the census of 1920 of the 42 million gainfully employed roughly 18 million (or more than 40 percent) were small proprietors, merchants, farmers and members of the free professions. The very position of the petty-bourgeois groups under imperialist conditions drove them into opposition to the monopolies.



Of course, as representatives of the interstitial layers of society these groups introduced a plethora of illusions and misconceptions into the democratic movement. Most of them rejected the idea of creating a third party. But for all their differences with the advanced workers the petty-bourgeois Progressives remained tight with them in the most important—the effort to bridle the powers of the monopolies. This meant that in the United States the prerequisites were gradually being established for the alliance of the country's all anti-monopoly forces.

The advanced elements of the union movement headed by the Chicago Federation of Labor were the chief promoters of the move to bring about unity. At the Second Congress of the National Labor Party in Chicago in July 1920 a resolution was adopted to change the name to Farmer-Labor Party. The new party included left-wing elements of the unions as well as a number of local radical farm groups and the majority of the rank and file of the Committee of Forty-Eight. The Chicago Congress adopted the political program of the FLP which was based on the Declaration of Principles of the National Labor Party.

From the realities of struggle the advanced workers and farmers learnt the necessity of moving from independent political activity within the two-party system to a break with it and to the formation of a third party. Therefore, the establishment of the Farmer-Labor Party was an event of great significance, even despite the fact that in 1920 it was comparatively uninfluential and numerically weak. Ideologically the FLP still had a long way to go. The majority of its leaders were strongly under the influence of reformism. They pinned their basic hopes on the election of their representatives to the various organs of power on a local, state and federal level and clearly overestimated the possibilities offered by bourgeois parliamentarism. Much time and energy had to be spent before the advanced workers and farmers would be convinced that the struggle for democracy was the elementary stage of the struggle for the transformation of society.

In sum, the immediate postwar years were a period of a considerable upsurge in the mass labor and overall democratic

movement. Progressive forces in the USA made significant gains during the period. The situation of the working class registered certain improvement as a consequence of massive strikes. To some degree the working people succeeded in curbing the growth in reactionary tendencies within the country after the war. Their pressure resulted in certain democratic reforms. The most important among them was the Nineteenth Amendment to the Constitution giving women the right to vote. In June 1919 the Amendment was approved by Congress and in August 1920 after ratification by three-fourths of the states, it went into effect.

A leading role in the mass popular movement which unfolded in the USA after World War I was played by the advanced workers affiliated with the left wing of the AFL. The sizeable class battles resulted in a rapid development of the political consciousness of the advanced circles of the proletariat. On the basis of the American labor movement tradition and under the ideological influence of the October Revolution the advanced representatives of the working class gradually overcame their old reformist illusions and moved to a revolutionary Marxist position. All of this brought about the major changes in the country's socialist movement.

#### **4. The Strengthening of the Left Wing of the Socialist Movement and the Formation of the Communist Party of America (CPA)**

Ideologically and organizationally the left forces in the socialist movement in the USA strengthened markedly during World War I. In 1915 at the initiative of a group of left internationalists the Socialist Propaganda League of America was formed and became the center of gravity of all revolutionary elements in the Socialist Party of America. The viewpoints of the evolving left wing met a growing response among the party rank and file. Sometimes these views were mirrored even in the official party documents. To wit, in April 1917 a majority at the national congress of the Socialist

Party adopted a resolution condemning the imperialist war and appealing for a struggle against it. Under the influence of the left wing almost the entire body of the Socialist Party hailed with enthusiasm the news of the October Revolution and the establishment of Soviet power in Russia. In February 1918, the party executive committee extended warm greetings to Russia's revolutionary workers who had seized power and expressed pride in their achievements.

The Socialist Party reformist leadership headed by Victor Berger and Morris Hillquit was highly disturbed at the growing authority of the left wing. They tried to interpret opportunistically the resolutions that were adopted by the party's national bodies at the initiative of internationalist-minded membership. The oft-repeated declarations of solidarity with the revolutionary workers of Russia uttered by the right and centrist socialists were always hedged with reservations about the "specifically Russian" nature of the October Revolution and the "inapplicability" for the United States of the theory and practice of Leninism.

However, under the influence of the October Revolution the ideological growth of revolutionary elements in the US socialist movements proceeded by leaps and bounds. In March 1919 the New York section of the Socialist Propaganda League, headed by John Reed, one of the most popular of American socialist leaders, published the *New York Left Wing Manifesto*. This document was approved by local party organizations in Michigan, Massachusetts, New Jersey and some other states.

The *Manifesto* placed a task of immense importance before the working class of the USA—that of proceeding along the path traversed in 1917 by the Russian proletariat. A program of struggle to establish a dictatorship of the proletariat and rebuild society along socialist lines was advanced as the key strategic task in this context. The left wing of the party considered it imperative to convene an extraordinary party congress to discuss and vote on the new program. They also demanded that the congress vote in favor of withdrawing the SPA from the Second International and bringing it into the Comintern.

The wide popularity of the left socialist program was demonstrated in the elections to the party national leadership which were held in the spring of 1919. The left wing candidates won a decisive victory by approximately 80 percent of all votes cast. They took 12 of the 15 places in the new national executive committee of the Socialist Party. The election results gave the left-wingers legitimate control over the party.

Such a prospect could in no way suit the reformists. In order to fend off the emergent threat the old party leadership resorted to direct violation of party democracy. A session of the former national executive urgently convened at the end of May 1919 passed an illegal decision to annul the results of the elections and to exclude the majority of left-wing organizations from the party. A total of 55 thousand of the party's most active members were thus expelled. This comprised more than half of the membership which at the time stood at 105 thousand.

The leaders of the left wing had to decide what to do next and in June 1919 a national conference of the left-wing organizations of the Socialist Party was held in New York to deal with the question. However, serious differences emerged at the conference. Some of the delegates, representing the Michigan organization and a number of national federations, urged an immediate rupture with the Socialist Party and the convening of a national left-wing congress to form a communist party. But the majority of the delegates to the conference, including the most influential of the left socialist leaders—John Reed, Charles E. Ruthenberg and Alfred Wagenknecht—were of another opinion. They felt that it would be an error to rush away from the Socialist Party, that instead an effort should be made to win the support of the majority of the rank and file to revolutionary socialism and to turn the party into a militant organ of the proletariat. The differences which surfaced at the conference were irreconcilable and the result was a split of the left into two groups, each acting independently of the other.

On August 30, 1919 an extraordinary conference of the Socialist Party was convened in Chicago. A considerable



number of the left-wingers headed by Reed and Wagenknecht appeared in the conference hall according to a prearranged plan and tried to influence the course of discussions. However, the mandate commission, firmly in the hands of the reformists, did not recognize the credentials of the left wing. They were told to leave. When they refused the right-wing leaders enlisted the aid of the police and drove them from the conference.

Given the prevailing circumstances the Reed-Wagenknecht group decided to unite with the other left-wing group and jointly establish the Communist Party of America. However, at the time this turned out to be unfeasible. On September 1, 1919, the founding convention of the Communist Party opened in Chicago. The groups in attendance were representatives of the Michigan organization, delegates from a few national federations and members of those left groups (Ruthenberg among them) which had transferred their allegiance to the position adopted by the minority at the June left-wing conference. The delegates to the convention rejected the proposal put forth by the Reed-Wagenknecht group of merging the two left currents; instead they recommended that members of the group join the party as individuals. On the same day the convention adopted a resolution establishing the Communist Party of America. Charles E. Ruthenberg was chosen Executive Secretary.

The Reed-Wagenknecht group rejected the conditions proposed by the convention of the CPA. On the following day, September 2, 1919, they convened their own congress. After a brief discussion the congress proclaimed the establishment of a parallel communist organization, which was given the name of Communist Labor Party of America. Alfred Wagenknecht was elected its Executive Secretary.

Thus, two independent communist organizations emerged from the left wing of the CPA in 1919. From the very beginning there were no fundamental differences in program between them. However, they differed in their ethnic composition and this resulted in certain differences in profile and organizational structure. The CPA attracted primarily socialist immigrants. As earlier they formed various national feder-

ations which retained a certain measure of autonomy. The Communist Labor Party of America consisted primarily of born Americans and was founded on principles of strict centralization. The CPA members were as a rule more versed in theoretical questions, while those of the CLPA had more experience in practical tasks and maintained tight connections with mass organizations of the American proletariat. Consequently, the two Communist Parties represented what were in effect two different trends of the country's communist movement. These trends had to be united, for this was vitally important for a successful struggle.

For this reason the Executive Committee of the Comintern appealed to the American Communists advising them to join their forces in the framework of a single party as quickly as possible. The Comintern appeal struck a responsive chord among the rank and file of both communist groups. However, the protracted arguments between the leadership of the CPA and CLPA over organizational questions and above all over the status of the national federations delayed the process of merger. It was only in May 1921 that through the mediation of the Communist International an agreement was reached to establish a united Communist Party of America. Charles E. Ruthenberg was elected Party Executive Secretary.

The emergence of communist organizations and unification in a single party of all groups which had moved to a position of revolutionary Marxism represented a major step forward in the development of the labor and socialist movement of the USA. A new and no less important task now on the agenda was that of linking this revolutionary vanguard with the mass of workers and farmers and of giving them a concrete and systematic program of struggle.

However, the American Communists encountered immense difficulties in quest of this goal. As early as the turn of the year (1919-1920) both of the fledgling and as yet untested Communist Parties were subjected to severe repressive measures and in the course of massive police roundups against radicals were forced to go underground. In the difficult conditions of a protracted underground period the tenuous ties

of the Communists with the masses were further weakened and party membership sharply declined from 60 thousand in September 1919 to only about 12 thousand in May 1921.

These difficulties were further complicated by the unfortunate consequences of the dogmatism and sectarianism endemic in the newly emerging US communist movement. The Communists committed serious mistakes when they tried to apply the basic principles of Marxism-Leninism in the American context. Ignoring the unique and specific historical conditions and obviously overestimating the revolutionary potentialities of the American proletariat the Communist Party mistakenly set as its immediate task the elimination of capitalism and establishment of a proletarian dictatorship. On this basis it rejected the necessity of fighting for partial reforms and categorically refused to cooperate with parties and organizations not engaged in a revolutionary struggle against capitalism.

The inexorable result of such a position was the isolation of the revolutionary vanguard of the proletariat from the bulk of workers and farmers and a failure to deal with the real problems facing the US labor and democratic movement in the postwar years. Without the leadership of a Marxist party the further evolution of this movement was rendered highly difficult. This is why the overcoming of sectarian trends and the establishment of close ties between Communists and the masses became by the early 1920s the central task facing the American workers' movement.

### **5. The Republican Victory. The Domestic and Foreign Policies of the Harding Administration**

In the summer of 1920 the economic upsurge of the war and immediate postwar years was replaced by a profound economic crisis. This first postwar crisis of overproduction unfolding on the basis of the general crisis of capitalism conspicuously demonstrated the contradiction between the production apparatus of American industry swollen up during

the war and the relatively narrow market limited in the final result by the weak purchasing power of the bulk of the workers and farmers.

The economic crisis of 1920-1921 caused serious damage in all spheres of the national economy. In April 1921 the gross industrial output in the USA on the average stood at a point 32 percent lower than in June 1920. However, in a number of key branches of heavy industry the disruption of production was even worse. For example, steel production fell from 42 million tons in 1920 to 19.7 million tons in 1921. Coal extraction declined by almost 50 percent and sharp declines were similarly recorded in machine building, automobile output and cotton consumption.

The position of the basic segments of the proletariat, which had been difficult even during the period of industrial boom, now with the onset of the economic crisis became disastrous. The unemployment rate rose from 7.2 percent of the work force in 1920 to 23.1 percent in 1921, reaching 5.7 million in absolute numbers. The relentless growth in unemployment and deterioration of working conditions for those remaining on the job brought in their wake a decline of 20 to 25 percent in the real wages of the American proletariat.

The industrial crisis caused severe difficulties for the numerous petty- and middle-bourgeois elements in the cities as well. The ruination of the middle strata of the urban population became a ubiquitous phenomenon. In the three years from 1920 through 1922 more than 50 thousand industrial and trade enterprises were declared bankrupt.

The crisis of overproduction in industry was interwoven with an unusually severe agricultural crisis. As early as spring 1921 prices on the main agricultural products dropped by 65 to 75 percent. The steep decline in prices reduced farm income to such an extent that many farmers were left in a precarious situation, barely able or simply unable to make up elementary production outlays, not to mention meeting their regular debt payments or taxes. Every year witnessed the ruin of farm households by tens of thousands, and the owners forfeiting ownership left for the cities to swell the already immense army of the unemployed.



In brief, the economic crisis of 1920-1921 provoked a sharp decline in the situation of the working people. All that the farmers and workers of the United States had won by stubborn struggle during the immediate postwar years was now threatened. The outcome of the profound changes in the economic situation was a further exacerbation of class contradictions.

The dissatisfaction of broad segments of the population was evident even in the election campaign of 1920. However, the majority of workers and farmers in practical terms still remained within the limits of the two-party system. The mass indignation was directed as usual at the party in power. The prestige of the Democratic Party had taken a nose dive in the eyes of the electorate during the war and in the immediate postwar period when the Wilson Administration abandoned the liberal slogans of the "Progressive era" and turned to an openly reactionary domestic and foreign policy. When in the summer of 1920 an economic crisis unfolded in the United States and new calamities descended upon millions of working people the situation of the Democrats became hopeless. The Republicans were quick to take advantage of this.

On the other hand the persistence of the individualistic tradition in the United States continued to play a major role. Even in the early 1920s the basic principle of governmental non-interference in the country's economic life retained the unquestioning allegiance of the majority of the American bourgeoisie and the bulk of the working people. Governmental regulation, which the Wilson Administration had resorted to in the extraordinary wartime conditions, was more often than not regarded as a temporary deviation from the normal course of events. This is why the Republican slogan of "Back to Normalcy" found such a broad response among the electorate in 1920.

The result was a sweeping Republican victory in the 1920 elections. The Republican presidential candidate Warren G. Harding won more than 16 million popular votes and took 404 of the electoral college votes, to 9 million and 127 respectively for James M. Cox, the Democratic candidate. Moreover, in 1920 the Republicans gained a majority in both

Houses of Congress. After an eight-year interval the Republicans were again in power.

The Harding Administration formed after the elections was comprised primarily of extreme reactionaries who took an openly pro-monopoly position. The most conspicuous among them were Secretary of the Treasury Andrew Mellon, the head of one of the most powerful monopoly groupings in the USA, and Secretary of Commerce Herbert C. Hoover, a prominent businessman and politician who maintained close ties with influential financial oligarchy. It came as no surprise that the domestic policy of the new Administration was ultra-conservative. Millions of farmers and workers could expect no aid from these quarters. But the Harding Administration evinced a vital concern for lining the pockets of the monopolists. Indeed it would be hard to find another stretch in the imperialist period of US history in which the federal government was so solicitous of the needs of the elite of the financial oligarchy and when the government so overtly identified the profit inclinations of business with the interests of the country as a whole.

From the outset the Harding Administration took a stand against the policy of governmental regulation. Under the "Back to Normalcy" slogan it demanded rapid restoration of those "genuinely American" principles such as "rugged individualism" and governmental non-interference in the economy. Senator Lodge, a leading figure in the Republican Party, was the most articulate in expressing these policies. Speaking to Congress in July 1921 he declared: "The more we take the United States out of business and the less we put it in the better."

In conformity with these guidelines the Harding Administration lost no time in completing the liquidation of all wartime machinery of governmental regulation, a process already begun under Wilson. The federal agencies executing control over the key sectors of the US economy in wartime were now eliminated.

The rejection of governmental regulation during the Harding Administration indicated a weakening of the state-monopoly tendencies in the early 1920s in contrast to their con-

spicuous development during World War I. This new thrust of domestic policy was fraught with baneful consequences for the workers and farmers since it deprived them of all hope of government aid. As far as the big monopolies were concerned the reduction of the economic functions of the capitalist state did not affect their unlimited opportunities to receive a variety of government subsidies.

The tax law of 1921 represented one such generous gift by the Harding Administration to the monopolies. According to this law the wartime tax imposed on excessive corporation profits was eliminated and the maximum surtax rate imposed on high-income individuals was reduced from 65 to 50 percent. In subsequent years federal taxation of millionaires was further reduced and amounted in the middle of the 1920s to an average of 20 percent of the income of the monopoly capital elite.

Other economic measures imposed by the Republican Administration were designed to suit the needs of the monopolies. The Fordney-McCumber Tariff Act, which went into effect in September 1922, was particularly important. Grounded in the principles of strict protectionism the new law stipulated a steep increase of duties on pivotal industrial goods imported into the USA. The introduction of higher tariffs entailed price increases on the domestic market. Monopoly profits soon soared and the subsequent augmentation of the assets of the major firms strengthened their competitive position. The elimination of small firms by the large trusts and concerns proceeded so rapidly in these years that it set records even for imperialist America. The bosses of the monopoly conglomerates had nothing to fear: the anti-trust laws which had never been noted for their efficacy were in substance discontinued with the outset of the 1920s.

The struggle for more profit among the sundry monopoly groupings was not limited to the application of legal measures alone. With the aid of their hirelings in the bureaucracy they gained every conceivable privilege, violating the law if necessary to achieve their ends.

The Harding Administration, fully in the service of the monopolies and riddled with corruption, provided the major

firms with unlimited opportunities to reap fortunes at the expense of state resources. In late 1921 and early 1922, the oil sultans Doheny and Sinclair bribed Secretary of the Interior Fall and illegally obtained a lease of sizeable pieces of government oil-rich land reserves in California and Wyoming. The Teapot Dome (the name of one of the land tracts) example was infectious. Attorney General Daugherty, Head of the Veterans Bureau Forbes and other high-placed figures in the Republican Administration made sordid arrangements with the monopolies. It had been a long time since Washington had been the host of such unbridled orgies of bribery and embezzlement.

The President himself served as a very convenient tool of the monopolists. Harding was a mediocre figure, incapable of independent judgement. As a result, the corruption only spread deeper into the body politic. The dealings of many Republican figures high in the Administration and close to Harding acquired the dimensions of a scandal and began to compromise the President himself. Only his unexpected death on August 2, 1923, saved him from the shame of the subsequent exposures.

Harding was succeeded by his Vice-President Calvin Coolidge. The new resident in the White House was just as colorless and mediocre a political figure, but as distinct from his predecessor had no questionable ties with swindlers involved in criminal machinations. Thus the unexpected promotion of Coolidge to the supreme position of power was a windfall for the Republicans and helped them restore a measure of their damaged prestige in the eyes of the electorate.

However, the overall direction of domestic policy remained pro-monopoly under the new Republican Administration. "The business of America is business" was how the new President voiced the guiding principle of Republican economic policy. The Coolidge Administration regarded its main function to be that of serving business interests and catering to their needs.

The interests of the monopoly bourgeoisie played a decisive role in determining the foreign policy of the Republican Administration as well. Relying on the fundamental changes



which had occurred in the international status of the United States as a result of World War I, influential monopoly circles demanded of the new Administration a further expansionist drive to augment the country's global political standing. Thus the struggle for world hegemony remained the cornerstone of American foreign policy in the early 1920s.

Still the Republican leaders could not ignore the serious defeat inflicted on the American delegation under President Wilson in 1919 at the Paris Conference, where US claims to world leadership had been categorically rejected. The relative weakness of the foreign policy positions held by American imperialism as revealed in these events demonstrated the faulty underpinnings of the Wilson program and facilitated the emergence to the foreground of another group in the ruling camp who unfurled the banner of isolationism. As a counterpoise to the Wilsonian slogan of "international cooperation" within the framework of the League of Nations, the Republican leadership, supporting the position of the Lodge group, advanced principles such as rejection of military and political alliances with the European countries and a decisive push for economic expansion, first in Latin America, next in the Far East, and then to other parts of the globe. After the Republican inauguration these isolationist doctrines formed the core of official US foreign policy. Consequently, the Harding Administration posed the very same goal of gaining world hegemony, but suggested trying a different route to achieve them.

The specific actions of the Harding Administration in the sphere of foreign policy offered clear evidence of the new approach of the Republican leaders to the crucial problems of international affairs. In August 1921 a separate bilateral agreement was signed between the USA and Germany confirming for the United States all rights and privileges given it in the Treaty of Versailles. The text of the agreement specifically stated that the American government was in no way bound by any of the articles of the Treaty of Versailles, particularly concerning the section dealing with the authority of the League of Nations and the territorial redivision of the globe.

Under the slogan of an unlimited free hand the United States waged an active struggle in the early 1920s to strengthen its economic positions in the underdeveloped countries. US capital made energetic thrusts into the economies of Central and, to a lesser extent, South America, bringing under its sway large regions, primarily in the Caribbean area. As early as 1924 the financial systems of 11 Latin American countries were under the control of special advisers sent from Washington while six of these countries were hosts of American troops.

Not confining itself to Latin America alone, the USA intensified its economic expansion in the Far East, notably in China. Even the British Dominions—Canada and to a lesser degree Australia—became an important sphere for American capital investment. This represented a serious threat to the international position of England, the largest colonial power in the world. This is why from the beginning of the 1920s Anglo-American antagonism moved to first place among all other imperialist contradictions of the postwar period.

The contradiction between the USA and Japan, too, became highly exacerbated after World War I. Their struggle over dominance in the Far East and in the Pacific soon became a crucial international problem.

Thus the postwar redivision of the world as confirmed by the Paris Conference of 1919 did not blunt the sharp points of imperialist contradictions. The United States, which considered itself "dealt out" at Versailles, evinced considerable energy in advancing its imperialist claims. The advocacy of isolationism did not interfere with the struggle to make good the claims rejected by Britain and France in 1919. It was only two years later that the American diplomacy, after achieving the convening of the Washington Conference on the limitation of armaments, could enter a major victory in its books.

Acute contradictions turned the Washington Conference into the arena of a prolonged and persistent tussle of great powers on all issues discussed there. The outcome was most favorable for the United States. Propped by the growing US economic strength and employing war debts as a powerful

instrument of pressure the US delegation achieved a number of significant concessions from its imperialist partners.

The agreement of the nine powers over China was a key success of American diplomacy. Certain of the privileges earlier held by Japan on Chinese territory were now significantly curtailed. In their relations with China all the countries party to the agreement were obliged to subscribe to the "open door" and "equal weight" doctrines, first advanced by the United States back at the close of the nineteenth century.

The adoption of the Nine-Power Treaty established far more propitious conditions for the US economic penetration of Chinese territory than had existed previously. Naturally both official Washington and leading business circles placed high hopes on the new agreement. They considered that China in reality would be a prize of the United States—the economically most powerful country in the world.

The conclusion of the Five-Power Treaty on "limiting the naval powers" also represented a major victory for the USA at the Washington Conference. The proposal to conclude such an agreement was advanced on the very first day of the Conference in the opening speech by the head of the American delegation US Secretary of State Charles Evans Hughes. Promoting this idea and advertising it as proof of their "love of peace" US ruling circles nevertheless had no intention of truly disarming. For a number of years before this the US had been carrying out a broad plan of naval build-up. But in terms of overall tonnage in the early 1920s the US still lagged far behind Britain. The rapidly expanding Japanese fleet also represented a serious threat to American positions in the Pacific. So it is understandable why the USA was at the time interested in certain limitations on the ubiquitous arms race and primarily in establishing a fixed (and more acceptable for the US) tonnage balance for capital ships among the great powers.

Overcoming the resistance of its partners the US delegation finally found agreement on a balance of tonnage of battleships and aircraft carriers in the fleets of the five parties to the agreement. The tonnage magnitudes were set at 5:5:3:1.75:1.75 for the USA, Britain, Japan, France and Italy

respectively. Consequently, the USA succeeded in gaining international sanction for the principle of naval parity of the battleship fleets of Britain and the USA and at the same time it managed substantially to trim Japan's ambitions. The American delegation tried to extend the established ratios to other categories of ships as well, including cruisers, destroyers and submarines, but with the active resistance of British and other delegates all efforts in that direction were fruitless.

Finally, the third important aspect of the Washington Conference of 1921-1922 was the Four-Power Pact (USA, Britain, France and Japan) on the inviolability and mutual guarantees for the island possessions of these powers in the Pacific. In substance this treaty represented an imperialist bloc directed against Soviet Russia and the national liberation movement in East Asia. It was another attempt by the major powers to maintain and bolster up the system of colonial oppression in the Far East and the Pacific region. The terms of this pact were particularly favorable for the United States since one of the fundamental points was the annulment of the Anglo-Japanese Alliance established in 1902. As a result, yet another major obstacle in the path of US imperialism was obviated.

Thus the proceedings of the Washington Conference were to some degree a form of American revanche for the debacle at Versailles. The agreements signed by the participants to the Conference for the first time authoritatively mirrored the augmented political might of the United States in international relations, especially in the Far East and the Pacific. In the middle of the 1920s American ruling circles used this base to launch a new stage in the struggle for world hegemony.

The Harding Administration encountered yet another highly important problem in the area of foreign policy—relations with Soviet Russia. By the early 1920s the American government had to realize that the policy of armed intervention against the young Soviet Republic had suffered defeat. It was necessary to decide what subsequent position the American government would adopt *vis à vis* the "Russian ques-



tion". Fundamental differences were uncovered in business and political circles when this subject was brought up.

The more farsighted members of the big bourgeoisie and a group of radical figures reflecting the views of the farmers and urban middle strata demanded an end to the economic blockade and diplomatic isolation of the Soviet state. Such advocates included Senators William E. Borah, Joseph I. France, James Reed and Hiram Johnson. Of course, the proponents of normalization of Soviet-American relations were guided by purely business considerations rather than by any affinity with socialism. Calling for a hard look at the reality they proceeded from the fact that the Soviet Republic had convincingly demonstrated its durability and vitality. From this they inferred that it was in the interests of the American capitalists themselves and with the aim of preserving an opening for penetration of the Russian market that the diehard position of non-recognition of Soviet Russia must be abandoned and the first steps be made to restore trade and then diplomatic relations between the two countries.

On the other hand, a more influential clique of bourgeois politicians in close alliance with the largest monopolies were irreconcilable. Their blinding hatred of the new social and economic order established in Russia led these representatives of reactionary circles to reject categorically a review of US positions on the "Russian question". The struggle to destroy the Soviet system remained a pivotal goal for them. The only lesson to be gleaned from the failure of the armed intervention was that economic and diplomatic methods were now to be brought to the fore in the continuing effort.

The dispute about relations with Soviet Russia ended in victory for the hard-liners. Following the guidelines set down by the reactionary monopoly circles the Harding Administration decided to continue the economic blockade and diplomatic isolation of the Soviet Republic. In response to an official offer from the Soviet government to begin negotiations toward normalization of Soviet-American relations US Secretary of State Hughes declared (in a note published March 25, 1921) that the "fundamental changes" in Russia's socio-economic system must precede any talk about the restoration

of trade, let alone diplomatic, relations between the United States and Soviet Russia.

The position set down in Hughes' statement remained the guiding principle of the Republican Administration in subsequent years. The State Department denounced those American enterprises and firms which were trying to establish business ties with Soviet economic organizations. In order to prevent a breakthrough in the economic and political blockade of Soviet Russia the USA declined to participate in the Genoa and Hague Conferences of 1922 where for the first time invitations were extended to official Soviet delegations. Furthermore, it made no small contribution to the frustration of the goals of these international conferences.

At the same time, the policy of non-recognition did not prevent the Republican Administration from taking every excuse to interfere directly in the internal affairs of Soviet Russia. One such attempt was undertaken in the summer of 1921. At the time progressive elements in the USA began a fund-raising campaign to provide aid for starving workers and peasants in Soviet Russia. As a counteraction the ruling circles decided to extend to Russia the operations of the American Relief Administration (ARA) which in accordance with an agreement concluded with Soviet representatives within several months delivered approximately 25 thousand tons of foodstuffs to the famine-stricken regions. These operations were of some use, bringing a measure of relief to the suffering. But at the same time, reactionaries sought to use them as a convenient blanket to conceal their attempts to establish ties with internal counterrevolutionary forces and prepare the ground for a more effective struggle against Soviet power.

The plans of US reactionaries were frustrated by the firm stand taken by the Soviet government. Nor did the hopes of maintaining the international isolation of the Soviet Republic meet with success. By the middle of the 1920s all the major capitalist powers with the exception of the United States had moved toward diplomatic recognition of Soviet Russia. But even these events had no sobering effect on the reactionary monopoly circles. By dint of their influence the

US government continued for almost an entire decade that followed to reject all proposals to normalize Soviet-American relations.

In sum, both the domestic and foreign policy of the Republican Administration were dictated by monopoly interests. Not one of the measures promulgated by the government in this period took account of the needs and aspirations of the working class, urban petty bourgeoisie or self-employed farmers. It comes as no surprise that millions of average Americans were indignant at the reactionary trends of the Republican Administration. This is why the mass movement which spread across the nation after the war continued into the early 1920s.

## 6. The Labor and Democratic Movement in the Early 1920s

The labor movement was the sphere of the most substantial class conflicts in the USA. Now, however, the American proletariat had to wage its struggle in more difficult conditions than those prevailing during and immediately after World War I. As matters stood, from the onset of the economic crisis of 1920-1921 the monopoly bourgeoisie moved to the offensive against the working class. It set as its goal not merely rolling back recent gains but also reducing wages and increasing the workday and labor intensity. To realize these goals the National Association of Manufacturers and other entrepreneurial organizations unleashed a campaign to limit or even fully liquidate the labor unions. The most consistent articulation of this position was given in a speech of April 1921 by Elbert H. Gary, Head of the US Steel Corporation, in which he declared that in his opinion labor unions were no longer necessary.

Clearly, the very circumstances of the economic crisis deprived the proletariat of the opportunity of defending their rights and fending off the attacks of the employers with former effectiveness. But the situation was further exacerbated when with the Republicans taking office all federal administration bodies developed an attitude of hostility

towards the labor movement. At the outset of the 1920s a series of Supreme Court decisions in effect nullified the liberal reforms in the area of labor legislation which had been pushed through during the "Progressive era". Under the "Back to Normalcy" slogan persecution of the labor unions was begun anew and court interference in labor conflicts occurred with mounting frequency. In these conditions strike actions called for a true measure of heroism from the workers.

Nevertheless, major class conflicts continued to erupt in rapid-fire succession in the main industrial centers. The overall number of strikers in the USA was quite high: in 1920 the nationwide figure was 1,463 thousand; during the crisis of 1921 it declined to 1,099 thousand only to rise again during the boom of 1922 to 1,613 thousand. So, although in comparison with 1919 the dimensions of the strike movement reduced, the struggle of the American workers for improved living and working conditions retained a mass character.

The peak of the strike movement was reached in the summer of 1922 when almost simultaneously major class battles erupted in the textile regions of New England, in the coal industry and on the railways. During the struggle the workers evinced great fortitude and determination in fighting for their goals.

The nationwide strike in the coal industry was particularly notable in this respect. Its immediate causes were the refusal of the employers to extend the collective agreement with the United Mine Workers and wage reductions amounting to an average of 25 to 30 percent. On April 1 a general strike was called by the United Mine Workers, and 650 thousand miners walked off the job. Never before had the American coal industry witnessed a strike of these dimensions.

The workers' struggle was distinguished by the bitterness of the conflict. On several occasions the coal companies tried to employ strikebreakers in the mines. When the employers' efforts failed the local authorities stepped in to help. In a number of states (Ohio, Pennsylvania) a state of emergency was declared, and units of the national guard were called in to patrol the mines. In July 1922 President Harding inter-



ferred in the conflict, demanding that the mines be immediately opened and stating that the federal government would render whatever aid necessary to the local authorities to stop the strike.

The efforts of the miners in isolation were insufficient to gain victory. The strike funds began to run out. However, no substantial aid was forthcoming from other working-class segments. In these circumstances the United Mine Workers moved to conclude the strike. In the course of negotiations with representatives of the mine owners UMW President John L. Lewis exhibited excessive compliance. To be sure, according to the terms of the agreement signed in August 1922 the coal companies backed down on the intended wage reductions and restored the previous wage scales. But they were extended only to workers in the bitumen industry and left out of consideration their counterparts in the anthracite coal mines. The latter were forced to sign a separate agreement with the employers.

The results of the miners' four-month strike were not promising. Although many of the strikers managed to defend their previous wage scales, their central demand—the conclusion of a single collective agreement for all branches of the coal industry—remained unsatisfied. Nevertheless, the coal miners succeeded in a partial limitation of management claims. The outcome was different for another major strike of the time—that of the railway workers, which ended in a crushing defeat for the strikers. Here, the effects of the fragmentation resulting from craft unionism in the American labor movement were probably most vividly revealed.

The railway workers' strike began in July 1922. It was declared in response to wage reductions averaging 12 percent imposed by the rail companies upon the majority of workers. Roughly 500 thousand strikers held out for more than two months in a stubborn struggle against the assaults of the monopolies. However, the forces of the strikers were weak, for not all the railway workers joined in but only those employed in the workshops and organized in the six labor unions of the Railway Section of the AFL. The remaining six unions made up primarily of line workers and four

independent railway brotherhoods including in their ranks driving personnel remained on the sidelines throughout the conflict and gave the participants virtually no moral or material support. Such disunity only played into the hands of the enemies of the strike.

The absence of unity among the railway workers and the insufficient efficacy of the strike under way permitted the bosses to take an uncompromising stance toward the workers. All forces were mustered to combat the strike. The railway companies alone spent about \$10 million to crush the action and almost all major railway terminals were put under martial law. Police and national guard units were brought in to keep the lines functioning. Finally, on September 1, 1922, a court injunction was issued at the request of Attorney General Daugherty ordering the strikers to return to work immediately.

The workers of the railway shops could not withstand such massive blows without help from the outside. In September 1922 the majority of the strikers were forced to submit to the dictates of the companies and return to work with reduced wages. Some 200 thousand employees continued the struggle for another few months, but in the end they too were forced to capitulate.

Thus, in comparison with the preceding period (1918-1920) the strike movement of the American proletariat in the early 1920s was far less successful. To be sure, at the cost of extreme sacrifices some groups of organized workers managed with varying success to withstand the onslaught of the bosses. However, the results of the struggle were by no means tilted in favor of the working class. The defeat of a number of major strikes entailed the retraction of many of the major gains of the immediate postwar years, as a result of which working and living conditions of the bulk of the American proletariat took a sharp turn for the worse. The organized labor was dealt a heavy blow too. While in 1920 the AFL boasted a membership of 4,078 thousand, by 1923 the number had dwindled to 2,926 thousand.

The root of all these serious losses was in the dominance of a reformist ideology in the US labor movement. Even

when with the succession of a Republican Administration the preeminence of reactionary tendencies was sharply exposed the AFL leaders did not retract their favorite notion of "harmony of interests between capital and labor" and accordingly continued to restrain the workers within the framework of a purely economic struggle. The organizational level of the working class was also highly deficient. The craft principle of union structure placed insuperable barriers in the way of drawing in the bulk of the industrial proletariat. Moreover, it hampered concerted actions of its organized sections. It can be seen why in the given situation a successful struggle by the American workers against the united bloc of corporate capital was virtually inconceivable.

Further progress in the labor movement in the USA demanded the overcoming of its ideological and organizational weaknesses. It was imperative to carry on a struggle to emancipate the movement from the influence of reformist ideology and to organize powerful industrial unions and establish a mass workers' party. However, these goals could only be attained given active efforts by the left forces of the labor movement and notably by the Communists.

The formation of a united Communist Party of America created relatively favorable conditions for rallying in its ranks all the more conscious and dedicated left socialists and representatives of the revolutionary opposition in the unions. In the summer of 1921 William Z. Foster and his group of experienced and authoritative union workers joined the CPA. For several years this group had been carrying on an active struggle to consolidate the left wing in the AFL unions. In the same period many of the more advanced figures in the IWW led by William Haywood joined the party.

The coalescing of the forces of the communist movement prepared the way for its substantial ideological development. On the basis of their own experience in the struggle, as well as by studying the works of V. I. Lenin and the decisions of the Second and Third Congresses of the Comintern the American Communists in the early 1920s began gradually to overcome dogmatism and sectarianism. This was mirrored in the new program adopted in May 1921 at the unity conven-

tion where the two Communist Parties merged. Rejecting former ultra-leftist views the CPA declared that in the future it would not limit itself to propaganda on the ultimate goals of the working class, but would take part in its daily struggle for the satisfaction of vital needs of the workers.

However, the underground conditions in which American Communists were forced to work in the 1920s sorely hampered their contacts with the masses. It was necessary to find opportunities to extend the party's legal work. To this end a parallel legal communist organization—the American Labor Alliance—was established at the initiative of the Communist Party in July 1921. Together with the Workers Council, a group of left socialists who broke from the Socialist Party in 1921, the new communist organization launched a campaign aimed at uniting all class-conscious workers in the United States in a nationwide revolutionary party sharing the key principles of the Communist Party of America but, as distinct from the latter, capable of functioning legally. This task was executed in December 1921 when a conference of leftist groups in New York proclaimed the establishment of a legal Workers' Party of America.

The Workers' Party program expanded upon the principles formulated in the resolutions of the unity congress of the two Communist Parties. For the first time in history communist organizations in the USA were making an attempt to promote not only a maximum but a minimum program as well for the labor movement, to direct the Communists to an imperative combination of socialist propaganda and struggle for the satisfaction of the daily needs of the people. In conformity with this the Workers' Party of America moved to establish close ties with mass labor organizations.

As mentioned above, the overriding task of the moment for the American Communists was to develop contacts with the organized workers. The Communist Party established close contacts with the Trade Union Educational League, an organization of revolutionary elements in the unions founded in November 1920 by a group of advanced trade unionists headed by William Z. Foster. In the spring of 1922 the Workers' Party of America with the help of the League



leadership launched a campaign to transform disunited craft unions of the AFL into powerful industrial unions and to draw in them millions of unskilled workers.

The call for a radical restructuring of the organizational underpinnings of the union movement as advanced by the Communists met a favorable response in a wide variety of AFL organizations. In March 1922 the Chicago Federation of Labor which continued to serve as one of the leading centers of the progressive workers' movement put forth a demand for the convening of a special congress of the AFL to reorganize all member unions on the industrial principle. Within a few months thousands of locals as well as labor federations in 17 states lent their support to the proposal.

Another mass campaign in which the American Communists took an active part was the solidarity movement with Soviet Russia. Just as in the initial postwar years, the progressive forces conducted a struggle against the economic blockade and diplomatic isolation of the young Soviet Republic demanding immediate diplomatic recognition of the country. In the summer of 1921 the progressive community in the USA opened a fund-raising campaign to aid the starving workers and peasants in Russia. The Society of Friends of Soviet Russia alone, where Communists played the pivotal role, collected approximately \$2 million. All in all by mid-1922 workers' organizations in the United States contributed almost \$4.5 million to the relief fund.

The movement to render the Soviet Republic aid in the restoration of its war-damaged economy was a highly important form of solidarity between the working people of the USA and the workers and peasants of revolutionary Russia. A key role in this noble cause was enacted by the Society of Technical Aid for Soviet Russia, established by the Workers' Party and advanced union activists in July 1921. Within just two years it included more than 20 thousand members. The Society sent to the Soviet Republic substantial amounts of industrial installations, machinery and agricultural implements. Several groups of qualified workers came to Soviet Russia to contribute to the restoration of a number of industrial enterprises distributed throughout the country.

The first steps by the American Communists to overcome dogmatism and sectarianism and establish close ties with the unions, the struggle by the Communist Party for the overhaul of unions along industrial rather than craft lines, and the mass campaigns of solidarity with the Soviet Republic—all these actions helped to bolster the ranks of the communist movement. Besides, in 1923 the Communist Party was able to emerge from the underground. At its April 1923 Convention the decision was adopted to abolish the party's illegal organizations and consolidate all forces in the ranks of a single Workers' Party of America. By the end of 1923 the Workers' Party had a membership of 25 thousand.

The process of ideological development and organizational strengthening of the communist movement in the early 1920s permitted the Communist Party to make the first steps toward establishing close ties with participants in democratic anti-monopoly actions, which World War I and the economic crisis of 1920-1921 had given a strong impetus. The postwar Black movement was one of the central trends in this struggle.

As a result of World War I serious changes took place in the situation of the Black population of the USA. The stormy development of the American industry forced upwards manpower demands. The basic source of cheap labor for the major industrial centers of the North were the Blacks of the Southern states. By the early 1920s roughly one million Blacks had migrated to the North. The most conspicuous offshoot of this process was a rapid upsurge in the numbers of the Black proletariat, a higher cultural level of the Blacks and their increasing organizational strength. In 1920 the ranks of the largest Black organization—the National Association for the Advancement of Colored People (NAACP) established in 1909—boasted no less than 100 thousand members. The National Urban League founded in 1911 carried on serious efforts to help the Blacks.

The economic crisis of 1920-1921 which sharply impaired the situation of all segments of the working population of the USA made its deepest inroads among the Blacks. Hundreds of thousands of unskilled Black workers outside

the ranks of the labor unions were the first victims of the crisis and unemployment. The living standards of the Black proletariat fell to abysmal levels. The blows dealt by the bosses were accompanied by an intensification of racial terror. Armed bands of the Ku Klux Klan, whose membership had reached 4.5 million by 1924, went on a rampage throughout virtually all the Southern states, staging bloody pogroms against the Blacks. In the period 1919-1922 alone 239 Blacks were lynched. "Racial disorders" deliberately incited in a number of Northern cities cost the Blacks hundreds of lives.

The difficult economic situation, cruel racial discrimination and Ku Klux Klan terrorism all aroused Black resistance. After World War I the "new Negro" made his appearance in American political life. This Negro, in William Foster's words, demanded "absolute social equality, education, physical action in self-defense, freedom of speech, press and assembly...". The NAACP was at the time a major force in the struggle for these rights, as was one of its leaders, the outstanding Black writer, scholar and public figure William E. B. Du Bois.

Another trend in the Black struggle after World War I was the bourgeois nationalistic Black movement, headed by Marcus M. Garvey, an ideologue of the Black petty bourgeoisie. Initially it had the wide support of the Black population of the USA. This is explained by the fact that at the time the Garvey program met a vital need of the Black working people. It demanded the abolition of all forms of racial discrimination and appealed for an all-out struggle against racial oppression. Garveyism rapidly gained in popularity and by the early 1920s it involved millions of Blacks.

Soon, however, Garvey reneged upon his radical platform. Now the "Back to Africa" slogan calling for the creation of an independent Black state there was pushed to the forefront. To carry out this scheme they even set up a special steamship company that actually organized several runs to Africa, but soon folded. The political about-face of Garveyism resulted in the alienation of the bulk of the Black population which saw the solution of the Black problem not in

carrying through the reactionary-utopian "Back to Africa" scheme but in the struggle against monopoly oppression and for improvement in their life in the United States itself.

The farmers took an active part in the democratic movement in the USA in the early 1920s. Given the agrarian crisis which had resulted in declining prices for foodstuffs the struggle was joined not only by the bulk of the small holders and middle farmers but also by the main strata of rural bourgeoisie. The interests of the various segments of the farm bourgeoisie were defended by the most powerful organizations—the American Farm Bureau Federation, the Grange and the Farmers' Alliance.

An important aspect of the farmers' movement was the drive to establish a centralized system of marketing cooperatives to undercut or at least curb the monopoly commercial firms. American farmers made a certain amount of headway in this effort. In 1924 there were more than 10 thousand farmers' cooperative organizations across the country. The cooperative system handled 33 percent of all domestic butter and cheese, 28 percent of the wheat, 20 percent of the milk, 17 percent of the livestock and 10 percent of the country's cotton crops.

But agricultural cooperatives encompassed only a minority of the farm households. They marketed only a relatively small volume of the basic output of cropping and livestock husbandry. The dissatisfaction of the farmers with the practical results of the cooperative movement soon pushed to the background that group of leaders who had directed their efforts solely to the strengthening and centralization of agricultural cooperation. In their search for more effective means of struggle the American farmers turned to the idea of state aid to agriculture.

The movement for government aid to agriculture began in 1921 when in US Congress a group of Senators and Representatives from the agricultural regions of the West and South joined in the formation of the Farm Bloc. Senator William S. Kenyon became leader of the Bloc which included such eminent political figures as Senators La Follette, George W. Norris, Charles L. McNary, Arthur Cap-



per and others. Organized as a permanent congressional faction the Farm Bloc from the start made certain gains, notably in improvements in the rural credit system and in state aid to farmers' cooperatives.

Finally, the most important and radical form of the democratic movement in the USA was the struggle for independent political activity by the working people. An attempt was made to unite on a national level all anti-monopoly forces. At a congress of representatives of various progressive organizations convened in February 1922 in Chicago a national federation of key elements in the democratic movement was established and baptized as the Conference for Progressive Political Action (CPPA). The leaders of the railway brotherhoods were at the helm of the new organization.

The tactical line adopted by the railway union leaders remained the same. Now as then, they considered it possible to achieve radical changes without breaking away from the two-party system. Therefore, in their leading positions in the CPPA they did everything in their power to rechannel mass strivings for independent political action to support for particular progressive candidates within the Democratic or the Republican Party.

However, alongside the railway union leaders and other representatives of the moderate wing of the democratic movement (the Committee of Forty-Eight, the Non-Partisan League, leftist Republicans) more radical groups affiliated with the union left joined the CPPA. The chief proponent of their views was the Farmer-Labor Party, which in the early 1920s carried on the struggle to create an independent working people's mass party. In addition, the Socialist Party established connections with the CPPA as well. Together, these groups made up the left wing of the Conference.

The program of the CPPA advocated a number of reforms directed at curbing the power of the monopolies and democratizing the political system. It proposed important measures such as nationalization of the railways, public control of the coal mines and hydropower plants, higher taxes on

upper-income brackets and restoration of a tax on excess profits, introduction of direct balloting for the office of President and Vice-President, limiting the competence of the Supreme Court, freeing the political prisoners and others. Clearly this program could serve as the starting point for bringing together all democratic forces. It was these considerations that prompted the decision of the Workers' Party leadership, in May 1922, to establish close contact with the Farmer-Labor Party in order to join their energies in a political campaign to establish a mass working people's party.

At the second session of the CPPA, convened in December 1922 in Cleveland, Ohio, representatives of the Farmer-Labor Party as well as delegates of the Chicago Federation of Labor, the Amalgamated Clothing Workers of America and other left unions came out in favor of the formation of a third party. They introduced a resolution appealing to the CPPA to throw itself behind independent political action by farmers and workers through their own party. However, the proposal was rejected by the majority at the session. The tactical line pushed by the railway brotherhood leaders remained in force.

The advanced union activists affiliated with the Chicago Federation of Labor and the Farmer-Labor Party were deeply disenchanted at the outcome. The American Communists, nevertheless, believed that it was necessary to continue persistent educational work within the CPPA with the goal of gradually expanding its program and bringing about a change in leadership, swinging the CPPA fully to the left-wing platform. However, the Chicago Federation of Labor and the Farmer-Labor Party took a different route. A few days after the close of the Cleveland Conference they announced their break with the CPPA. This was a mistaken decision leading to a fissure between the vanguard of the movement and the bulk of its adherents.

Despite this the left forces now tried to act independently of the CPPA. In early 1923 the Chicago Federation of Labor and the Farmer-Labor Party appealed to all progressive organizations of workers and farmers to convene a

nationwide congress, to bring together all forces in opposition to the two bourgeois parties and create a mass workers' and farmers' party on that basis.

The leadership of the Workers' Party of America decided to support the appeal of the left wing. In close cooperation with the FLP it worked out a joint plan of action. In July 1923 a nationwide congress of left-wing groups in the progressive movement opened in Chicago. Communists took an active part in the congress. All in all 650 delegates represented 600 thousand workers and farmers. It was decided by majority vote to organize a new political party of the working people—the Federated Farmer-Labor Party (FFLP). However, already during the congress and immediately afterward many of the workers' and farmers' organizations affiliated with the left wing started to move away from the embryonic party. By the end of 1923 the FFLP retained only a fraction of its former composition. It failed to win over the mass support of the workers and farmers.

The main reason for the defeat of the left forces can be found in the fact that the bulk of the participants in the democratic movement were not ready for a break with the two-party system and supported moderate liberal leadership of the CPPA. In the forthcoming 1924 election campaign they intended to introduce their candidates on the lists of the two basic parties. Even among the left wing there was a strong tendency advocating support for the Progressive politicians like Senator La Follette. As the 1924 elections approached many functionaries of the Chicago Federation of Labor and the Farmer-Labor Party, under heavy pressure from the AFL leadership, began to lean in that direction as well.

The election campaign of 1924 was characterized by an acute political struggle. Two basic forces stood in confrontation: the forces of reaction to an equal measure in control of both bourgeois parties and the democratic forces of the nation indignant at the pro-monopoly policies of the US ruling circles and seeking a democratic transformation.

At their party conventions both the Republicans and the Democrats ignored the growing progressive movement in

the country. The leaders of the Republican Party were particularly implacable in this respect. The Republican Convention of June 1924 in Cleveland proceeded under the undivided hegemony of the reactionary "old guard" of the party. The party platform approved there reaffirmed the previous political approaches. It spoke of the necessity of increasing tariff duties, of reducing income taxes on the major companies, and so forth. As expected, Calvin Coolidge was nominated as the Republican presidential candidate.

The Democratic Convention was similar in tone and results. To be sure, the Democrats tried to make political hay by a noisy exposure of the government corruption in the Harding Administration. But their own party platform remained highly similar to that put forth by their opponents. By common consent the Democratic Convention which was held in New York in June 1924 differed from the Republican only in its duration. A tense factional tussle went on for two weeks. Finally the party bosses chose as their candidate John W. Davis, a conservative politician, former ambassador to Britain and legal consultant to the Morgans. On the 103th ballot Davis was nominated as the Democratic Party candidate.

The Republican and Democratic Party conventions did not justify the expectations of the moderate liberal leaders of the CPPA. To make matters worse the election platforms of both bourgeois parties and their candidates were extremely reactionary. But even in this context the CPPA leaders spoke out against the formation of a third party. The pre-election convention of the CPPA, held in Cleveland in July 1924, decided to nominate Senator La Follette who was to run for Presidency as an independent candidate with his own platform.

La Follette's 1924 election program was on the whole a progressive document. It set as its main goal curbing the economic and political power of the monopolies. To this end it proposed that the railways and hydropower plants be nationalized, that public control be established over the natural resources and that higher income taxes be levelled against big capital. The program also devoted considerable



attention to defending the rights of workers and farmers. For instance, it advocated recognition of the workers' right to organize and to collective bargaining, prohibition of court interference in labor disputes, setting up public projects to provide work for the unemployed, and giving low-interest credit to the farmers. Finally, the La Follette program urged a broad democratization of the US political system. Of course, this program reflecting the political stance of a petty-bourgeois spokesman included conservative as well as radical proposals. Hatred of the monopolies and a striving for democratic change were combined with reformist illusions and a rejection of a third party. Still, despite its petty-bourgeois limitations the La Follette platform exerted a progressive influence. Its key service consisted in the fact that it channelled into the democratic and anti-monopoly struggle the incoherent discontents of millions of working people who were just finding their way to the most rudimentary forms of political activity.

The choice of Senator La Follette as presidential candidate won the approval of many workers' and farmers' organizations. A convention of the Socialist Party gave its endorsement of his candidacy, and the largest unions followed suit. For the first time in its history the American Federation of Labor came out in support of an independent candidate for the post of US President by supporting La Follette.

Thus during the election campaign of 1924 a broad though poorly organized coalition of democratic forces took shape and went down in the history books as the La Follette movement. In William Foster's estimation this was "...a united front of workers, petty bourgeoisie, and farmers in the struggle against monopoly capital, with the petty bourgeoisie and labor leaders in control". The leaders of the CPA in a subsequent analysis of the communist position in the 1924 elections, argued that it would have been more correct to function as the left wing of the La Follette movement, providing the necessary support while simultaneously subjecting the weak points and insufficiencies of the platform to criticism.

However, the ideological development of the communist movement in the USA had in effect just begun. It often suffered from the very "leftist disorders" which V. I. Lenin discussed back in 1920. In one case this was manifest in the sectarian mistakes committed by the Workers' Party in 1924 when it rejected all thought of supporting La Follette and put forth its own candidate for Presidency.

La Follette's campaign dismayed big capital. The Republicans and Democrats, forgetting about their quarrels, mounted an attack on their common political enemy. They misrepresented La Follette's views, called him a "dangerous radical", "red", and "violator of the American institutions". Of course, there were also shouts about the notorious "hand of Moscow". Taking no account of the patent absurdity of such assertions, the conservative bourgeois press in October 1924 vociferously proclaimed that La Follette was financing his campaign with resources received from the Soviet Union. Not confining themselves to ideological approaches, the reactionary forces systematically resorted to crude coercion and pressure on the electorate, threatening those who announced their intention to support the candidate of the Progressives with all kinds of reprisals, including dismissal from work.

Despite the bitter anti-La Follette campaign the Progressive candidate of 1924 won 4,822 thousand votes, or 16.5 percent of all ballots cast. However, the Progressive candidate managed to win only one state, Wisconsin, with 13 electoral ballots. A significant role in the defeat of La Follette was played by the economic upturn, the entrance of the USA into a period of relative capitalist stabilization and the ever louder paeans of praise by both Republicans and Democrats for the much vaunted American "prosperity".

Victory belonged to the Republicans, and Coolidge was re-elected President with 15.7 million votes and 382 electors. The Democratic candidate, Davis, pulled 8.4 million popular votes and 136 in the electoral college. The defeat of the democratic forces in the 1924 elections and the commencement of an economic boom indicated that the United States had entered a new period of its evolution.

## *Chapter II*

### **THE USA BETWEEN 1924 AND 1929: THE PARTIAL STABILIZATION OF CAPITALISM**

#### **1. Distinctive Features of the Economic Development of the USA During the Period of Stabilization**

In 1924 the USA like the other countries of the capitalist world entered into a period of temporary and partial capitalist stabilization, the most important signs of which were the economic upsurge, the growing power of the bourgeoisie and the weakening of the labor and democratic movement. However, the stabilization of capitalism in America differed substantially from that in Europe. In the first place, the United States managed to overcome more rapidly the economic upheavals provoked by the consequences of World War I and the crisis of 1920-1921. An economic boom was already in process there by 1922 while Britain, France and Germany achieved relative stability in the economic situation only in 1924. Consequently, in distinction from Europe the USA experienced a protracted industrial boom period, lasting seven years from 1922 to 1929. Although, at two points (1924 and 1927) it was broken up by partial declines, both were short-termed and relatively minor, and in each case the development of the American economy was restored with new strength.

The unusual duration of the industrial upsurge in the USA may be explained by the immense strengthening of American imperialism during World War I and by the advance of the USA to the front ranks of the capitalist powers, which gave it a temporary economic hegemony. The transformation of the USA into the world's main banker allowed the monopoly bourgeoisie to reap huge profits.

During the seven years of industrial boom American monopoly profit (after taxes) amounted to a total of some \$56 billion. Such was the material base for industrial expansion.

Disposing of immense resources the American monopolies invested heavily in the replacement of fixed capital, equipping their factories with modern installations and building new enterprises. It was on this foundation that the USA made its next major step in the development of the key sectors of heavy industry. In the period from 1923 to 1929 the output of steel rose from 45 to 57 million tons and of electrical power from 71 to 117 billion kwhr. All in all the industrial output rose by 70 percent in comparison with the prewar level.

The rapid rate of economic development in this period gave the American monopoly bourgeoisie a tremendous superiority over its counterparts in other countries. In fact, the British and French economies were in an obvious state of stagnation in the 1920s and Germany was just beginning the stepped-up restoration of its economic potential which had been so heavily damaged by defeat in war. The particularly favorable combination of circumstances enjoyed by the United States resulted in a new and substantial boost in its relative weight in the world economy. By the end of the 1920s the US industrial production accounted for 48 percent of the total in the capitalist world. By that time it was turning out 10 percent more industrial production than the combined industries of Britain, France, Germany, Italy and Japan.

The new branches of American industry equipped with the latest installations and technologies were marked by the most rapid growth. The most salient example was the automotive industry. While in 1913 it turned out 485 thousand vehicles and in 1921—1.6 million vehicles, in 1929 the output amounted to 5.4 million, about 11-fold the prewar level. In the spring of 1929 the assembly lines at the automotive plants were sometimes turning out up to 25 thousand cars daily.

As a result of such a rapid rate of development in the automotive industry by the close of the 1920s there were



some 26.5 million automobiles on the highways, a figure vastly exceeding that for the rest of the world. The mass production and gradual reduction in the price tag for the automobile soon brought it within the purchasing power of wide segments of the population, including many skilled workers. In these years the automobile became the true symbol of "American prosperity".

The growth of the automobile industry in the USA is closely connected with the name of Henry Ford, the prominent designer and organizer who in the twentieth century became the owner of a vast empire in the automotive industry. The spiralling increases in production at the Ford and other automotive companies was achieved through an intensive capitalist rationalization of production. It included, on the one hand, across the board mechanization of production and increased power supply and, on the other hand, standardization and the mass production of serial parts which were then assembled on production lines. Substantial increments of output per worker employed were achieved through higher productivity of installations and still more through increased labor intensity. To wit, labor productivity increased 40 percent at the Ford plants from 1923 to 1929. This permitted the capitalists to reduce the number of workers occupied in one or another operation and to leave on the assembly lines only the strongest and hardest, giving them wage increases for more productive and, most important, for much more intensive work while still reaping increased profit by virtue of the sharp reduction in the total number of employed. Thus the capitalist rationalization of production intensified the exploitation of some workers while turning out others onto the street—in both cases the net result worked to the disadvantage of the proletariat.

Other new branches of American industry developed just as rapidly. We have in mind the electrotechnical, chemical, aviation, radio and film industries. The introduction of new technologies and the intensification of labor were the central factors accounting for the rapid rate of increase in output here as well.

On the basis of this success in economic development

throughout the first postwar decade the US bourgeois propaganda advanced and spread widely the thesis of the durability and strength of capitalist stabilization. Gushing praise in honor of American "prosperity" reached its peak during the presidential election campaign of 1928. Both candidates, the Democrat Alfred E. Smith and especially the Republican Herbert C. Hoover, effusively referred to the "era of permanent prosperity", to "liquidation of crises" and "abolition of poverty". In one of his campaign speeches Hoover triumphantly declared: "We in America today are nearer to the final triumph over poverty than ever before in the history of any land. . . . We have not yet reached the goal, but, given a chance to go forward with the politics of the last eight years, we shall soon, with the help of God, be in sight of the day when poverty will be banished from this nation."

To the superficial observer the economic picture in the USA was indeed very promising. The protracted industrial boom was accompanied by a colossal rise in stock values. In less than five years, from December 1924 to September 1929, stocks on the Wall Street Exchange had risen in value from \$27 to \$90 billion, a nearly 3.5-fold gain. It comes as no surprise that by the close of the 1920s a real stock-market bacchanalia began in America. Millions of Americans were drawn into it and spent their life savings on the purchase of stocks, hoping that the unending growth in stock values would make them rich in the "era of permanent prosperity".

However, the situation in the country by no means supported all these optimistic plans. The claim of the "era of permanent prosperity" was illusory. The stabilization of capitalism in the USA as in other capitalist countries, occurring as a spell in the period of general crisis of capitalism, was both temporary, partial, and unstable.

The most important indication of the absence of a reliable basis for economic stabilization in the United States was the extremely uneven development of the various sectors of industry. Although the new branches of heavy industry were marked by rapid growth, the traditional branches—coal-

mining and the majority of light industries—were marked by obvious stagnation. Even during the most “prosperous” years increases in output in these sectors were at best only slightly greater than was the population increase or even lagged behind. This means that in the spheres of production most closely bound with consumption the signs of overproduction were evident much earlier and more intensely than in the basic branches of heavy industry.

Other important indicators of the fallibility of capitalist stabilization in the period of general crisis of capitalism were the chronic underutilization of plant and persistent mass unemployment. At the close of the 1920s during the peak of American “prosperity” US factories were functioning at 20-25 percent under full capacity and the army of the unemployed reached 3 to 4 million. That is, even with the industrial boom, the country’s productive forces—including labor force, the most important of all—could not be fully employed.

Finally, a sign of the instability of the economy could also be found in the agricultural situation, where throughout the 1920s no solution was found to the profound crisis of overproduction. It should be mentioned that the acute phase of the agrarian crisis characteristic of 1920-1923 was somewhat mitigated in the following four years (1924-1928). Even then, however, neither farm prices nor farm income regained the pre-crisis level. Throughout the second half of the decade in question the gross income of the American farmers remained at the level of \$10 to \$11 billion, while in 1919, just before the outset of the agrarian crisis, it stood at roughly \$17 billion.

The depressed prices on farm produce left the bulk of the small and medium-size holdings insolvent. Such farms were unable to pay the mounting debts and taxes. Therefore, the characteristic process of ruination and squeezing out of small-scale production in capitalist agriculture proceeded with unprecedented rapidity in the years of relative stabilization. The flight of farmers to the cities became such a widespread phenomenon that at the end of the decade the first absolute decline in the number of farm households was

recorded by the census takers (from 6,448 thousand households in 1919 to 6,289 in 1929).

To sum up, signs of overproduction were more and more evident in a number of important branches of the economy, gradually undermining the foundations of American “prosperity”. Still, in comparison with the European countries the indications of instability in the US economy were considerably milder. The offshoot of the powerful and protracted industrial boom in the USA was an immense increase in the gross national product. The lion’s share was appropriated by a handful of monopolists, but, nevertheless, substantial amounts, too, were passed along to the petty bourgeoisie and even to the elite of the working class.

## 2. The Class Struggle in the Period of Stabilization

In the context of economic stabilization the American bourgeoisie succeeded, approximately by 1924-1925, in achieving a substantial reduction in domestic tensions. The mass labor and democratic movement was seriously weakened, a fact mirrored in the prolonged decline in the strike movement of the working class. After the tumultuous upsurge of 1918-1922, when millions of workers went on strike, the number of strikers now plummeted from year to year: in 1923 to 757 thousand, in 1925 to 428 thousand, in 1927 to 330 thousand and in 1929 to the paltry figure of 289 thousand. The nature of the strike movement was altered as well: in the majority of cases efforts were confined to purely economic demands. Radical political slogans, so prevalent during the immediate postwar years, almost entirely disappeared with the onset of economic stability.

Of course, this did not mean that there were no major class conflicts in the United States in these years. For instance, under the leadership of the Trade Union Educational League, in whose activities Communists exerted a strong influence, workers in the textile and garment industries went on strike on several occasions. The biggest sen-



sation was caused by the strike of textile workers in Gastonia, North Carolina, in the spring of 1929.

American Communists made a major contribution in the defence of the rights of the working Black population. The Communist Party treated the racial question as a specific point in its program and as one of the central problems of American life. In November 1925 the American Negro Labor Congress was convened in Chicago at the initiative of the Communist Party. It set as its goal taking the leadership in the struggle of Black workers and farmers against all forms of racial segregation, for equal wages for Blacks and whites and for drawing Black workers into unions. Thus the CPA made its first inroads in reaching the bulk of the Black population.

On the whole, however, the scale of the labor movement in the USA was significantly smaller than it had been in the preceding period. Even the strikes led by the Trade Union Educational League did not as a rule leave the framework of a purely economic struggle. As for the AFL unions, they generally tried to restrain their rank and file from striking. This led to a sharp loss of prestige and decline in the membership lists. While in 1920 total union membership was approximately 5 million, by 1929 it had declined to 3.6 million.

By 1925 the mass movement for independent political action had also dwindled to insignificance. The AFL leadership exploited the defeat of La Follette in the 1924 elections to promote Gompers' favorite notion of the "non-partisan-ship" of the workers. As mentioned above, during the 1924 election campaign the American Federation of Labor had deviated from its "non-partisan" policy to support the independent candidacy of La Follette. Now the November 1924 congress of the AFL returned the organization to its former course and denounced all forms of independent political action, the more so all attempts to create a third party.

Essentially the same line was pursued by the leaders of the railway workers union at the helm of the CPPA. When the scheduled session of the CPPA was held in February 1925 the leaders of 16 railway brotherhoods proposed that

a resolution be adopted returning the organization to its former "non-partisan" policy.

The representatives of the Socialist Party and some radical farm and petty-bourgeois groups present at the session of the CPPA attempted to defend the idea of independent political action. But neither the arguments of the socialists nor the appeals of the farm delegates could influence the leaders of the railway brotherhoods. Equal in vain was a speech by the veteran socialist Eugene V. Debs, who fervently and with deep agitation tried to convince those assembled of the necessity of urgently forming a third party. Morris Hillquit, the leader of the Socialist Party, described these events in his memoirs: "It was a particularly moving moment when the aged Eugene V. Debs rose to address the gathering. He had taken a leading part in the organization of the railroad workers during the early period of their struggles. He had worked for them unselfishly and untiringly in the days of their weakness and poverty and had suffered persecution and imprisonment in their behalf. And now, as he stood there, tall, gaunt, earnest and ascetic, before the well-groomed and comfortably situated leaders of a new generation, he seemed like a ghost of reproach risen from their past and calling them back to the glorious days of struggle, suffering and idealism."

The leaders of the railroad unions managed to push through a resolution ending for an indefinite period all activities of the CPPA. This dealt a death blow to the movement for independent political action. The socialists and leaders of the petty-bourgeois Progressive groups attempted to carry on the struggle on their own. After the withdrawal of the leaders of the railway brotherhoods they gathered separately and approved in principle the idea of a third party. Specific moves to establish the party were postponed until the autumn of 1925.

However, these plans remained in the realm of good intentions. Without the labor unions there was no hope of founding a nationwide third party. As for the farmer-labor parties of the various states established during the postwar period of mass movement, they, too, began to disintegrate

and soon faded from the scene. The sole exception was the Farmer-Labor Party of Minnesota, which continued to function but soon became a strictly local organization exerting no palpable influence on nationwide politics. Thus, in the mid-1920s both farmers and workers in the USA withdrew from the general democratic movement. A small group of Progressives from the petty-bourgeois intellectual stratum continued to function for some time. Their activities diminished from one month to the next until after the death of La Follette in June 1925 they died out altogether. By 1926 the movement for independent action had departed the scene.

The decline of the democratic movement in the USA in that period mirrored the profound changes taking place in the overall political atmosphere in the country. For the first time in several decades a slackening in the anti-monopoly attitudes of broad segments of the population could be readily observed. Moreover, probably for the first time in US history apologists of the monopolies had a field day, an unabashed cult of business was prevalent and paeans were sung to big capitalists as the "captains of industry" and "creators of prosperity". In the phrase of the prominent economist Stuart Chase, the businessman was becoming "the final authority on the conduct of American society".

Agriculture was in a rather peculiar position during these years. The protracted agrarian crisis engendered mass dissatisfaction among the farmers and provoked a powerful movement for government aid to agriculture. At the head of the movement were representatives of the farming bourgeoisie. Of course, the situation was immeasurably better for the capitalist strata of farmers than of the millions of small and middle holders even in the crisis circumstances. Still, inputs in agriculture were less profit-yielding than in industry at the time. This is why the rural bourgeoisie in the USA as early as the outset of the 1920s advanced the slogan of "Equality for Agriculture" and fought hard for its realization. Proponents of the slogan demanded that the government help the fragmented agricultural producers realize higher prices for their output. In 1924 the McNary-

Haugen Bill was introduced in Congress to meet this demand. The bill envisaged the creation of a federal government agency for regular high-price purchases of "surplus" produce. In the opinion of the sponsors of the bill this "surplus" had to be removed from the domestic market, for it served to depress prices in the agricultural sector. It was proposed to export this produce, and since it could only be sold at the lower prices prevailing on the world market, the government organization was to allow for specific losses. To compensate for these losses a small "equalization fee" was to be levied on the agricultural goods entering the domestic market. The proponents of the bill considered that such operations would result in a general increase in agricultural prices throughout the country.

The McNary-Haugen plan was supported by the majority of the farmers. But the Coolidge Administration, determined to protect the interests of the monopoly financial and industrial circles, objected strenuously to its adoption and rejected the claims of the rural bourgeoisie to "equality for agriculture". Between 1924 and 1928 variants of the bill were introduced to Congress five times for consideration. Twice, in February 1927 and May 1928, it was approved by both Houses but in each instance President Coolidge imposed his veto. The American farmers did not succeed in their endeavor, for it came in the years of stability and was completely isolated from the workers' movement. The most active role in the struggle for government aid to agriculture was played by the rural bourgeoisie rather than the working farmers. Fearful that radical mood might spread among the masses of farmers, the ideologists of the big farmers restrained the farm movement, confining it to lobbying and other parliamentary manoeuvres, and in so doing condemned it to defeat.

What were the underlying causes of such remarkable decline in the labor and democratic movement in the USA during the period of partial and temporary capitalist stabilization?

The fundamental reason was connected with the specifics of the economic development of the United States after



World War I. The transformation of the USA into the world's banker ensured huge profits for the monopoly bourgeoisie. This gave them the opportunity to make a concerted effort to buy out the elite of the working class. The result was the creation of a substantial layer of worker aristocracy, which became the central channel for the dissemination of bourgeois ideology among the masses of the American proletariat.

During this period the ideological influence of the bourgeoisie over the workers was indeed highly efficient. This is explained by the fact that within the protracted industrial boom there was a definite improvement in the situation of the US working class, with an increase in real wages amounting to an average of 25 percent. Of course, this was not evenly distributed among the working class. Many elements, including Blacks, immigrants and farm workers, remained in dire poverty. Even the American-born white worker was not always assured of being able to make ends meet. According to very conservative estimates, even during the height of American "prosperity" in 1929 roughly 60 percent of the US population did not have sufficient income to purchase essential goods. Nevertheless, some improvement that did occur in the economic situation of the working class facilitated the wide dissemination of bourgeois theories.

One widely circulated apologetic theory was that of the "American exceptionalism". Tending to turn into absolutes certain of the specifics of US economic development, the adherents of this theory argued that the United States had entered a new phase of development and that the laws of capitalist production obtaining in other countries were no longer applicable in America. From this the conclusion was drawn that for the USA the cyclical development of the economy was a thing of the past and economic crises were now excluded from the range of possibility since the development of capitalism would *ipso facto* expand the parameters of the market. Since the prospect of "permanent prosperity" was now before the country, this meant that the class struggle would give way to cooperation between classes, because more success registered in economic development

and more profit accruing for the capitalist enterprises, would only mean higher revenues for the capitalists and increased wages for the workers.

The theme of "class harmony" was eagerly seized upon by the AFL leadership. The 1925 congress of the AFL announced that the union movement in the USA must give priority not to the strike movement but to the so-called higher strategy of labor implying all-embracing cooperation between the workers and the capitalists in an effort to rationalize production and improve output both qualitatively and quantitatively. The Baltimore and Ohio Plan (B & O Plan) represented the concrete embodiment of this union leadership policy. This plan was first adopted as early as 1923 following an agreement concluded between railway workers on the B & O line and their employers and then officially approved by the AFL congress of 1925. According to it the workers were to help their employers introduce technological improvements and achieve higher labor intensity—that is, help them in the capitalist rationalization of production—in the calculation that increments in industrial output would automatically entail increased wages as well.

The B & O Plan served as a model for many other agreements primarily in the rail transport sector. The results of "class cooperation" were brought together in the Railway Labor Act adopted by Congress in 1926. The law contained some concessions to the railway workers (in particular the right of collective bargaining). However, the stipulations for government arbitration of labor conflicts had the effect of hampering the workers' strike struggles. As a result the labor action was further debilitated. Assessing the situation as it unfolded in the US during the period of stabilization William Foster wrote that "present-day intensified class collaboration stifles the fighting spirit of the unions and saps their vitality".

The theory of "democratization of capital" also enjoyed wide popularity at the time. One of its most active proponents was the Harvard Professor Thomas N. Carver, who in 1926 published a book entitled *The Present Economic*

*Revolution in the United States.* This work, and a spate of others in this vein, argued that the development of the corporate form of capital and the rapid growth in the number of stockholders, including workers among them, were leading to a genuine economic revolution and that in the United States the workers were becoming co-owners of enterprises. So, it was alleged, the differences between worker and owner were disappearing and capitalism was changing its nature.

The arguments put forth by Carver and his ilk on an "economic revolution" and "democratization of capital" were eagerly snatched up by the entire US bourgeois propaganda.

This advertising campaign had nothing in common with reality. The purchase of a few stocks, of course, could not bring about any serious changes in the situation of the workers and certainly did not make them co-owners of industrial enterprises. The absurdity of the bourgeois preaching on "peaceful redistribution of wealth" is demonstrated by the fact that by the close of the 1920s the working class had all of 1 percent of the total stocks and shares.

Nevertheless, in political terms, the theory of "democratization of capital" was a powerful tool with which the bourgeoisie could wield ideological influence over the working class. Obtaining stocks in one or another industrial concern and hoping to receive dividends, the worker picked up an interest in maintaining the rhythm of production and, consequently, in preventing strikes. In the judicious evaluation of the well-known American historian Harold U. Faulkner, "the psychological effect in breaking down class consciousness was undoubtedly tremendous".

The wide dissemination of various bourgeois-apologetic concepts among the masses demonstrated a serious ideological and political weakness of the working class in the USA. This in fact was the root explanation of the decline of the labor movement in the United States.

A detrimental influence was also exerted on the labor and democratic movement by the unfavorable conjunctures in the country, by the reactionary domestic policy of the Republican Administration, by the preeminence of the ideol-

ogy of "rugged individualism" and by the rolling back of those concessions that the American people had won during the so-called Progressive era. In violation of the elementary democratic rights of the workers reactionary monopolists renewed the campaign of terror against radical figures in the labor movement. A flagrant example of this was the Sacco and Vanzetti case in which two Italian immigrant workers were arrested in 1920 for participating in the revolutionary movement and sentenced to execution on the basis of a false accusation of having robbed and murdered a cashier of a shoe factory. The innocence of the accused was established in testimony. Both in the United States and abroad the movement in defense of Sacco and Vanzetti grew from year to year. But the American reactionaries, flying in the face of public opinion, decided to do away with the dangerous radicals and on August 23, 1927 Sacco and Vanzetti were electrocuted.

Attacks against the organized labor movement were intensified. The court prosecution of strikers became a daily phenomenon. As a counterweight to the unions, so-called company unions were established in various sectors of industry and transport. They were under the thumb of the employers and tried to implant among the workers the false idea of common interests between workers and bosses. In a number of cases the members of a company union were obliged to sign an oath that they would abstain both from the trade unions and from strikes. Such agreements, labeled by the American workers as "yellow-dog contracts" were extremely widespread during the 1920s.

In the years of "prosperity" fundamentalist ideas were actively spread. The advocates of this anti-Darwinian teaching fought against any and all changes in the existing system and encouraged a militant religious intolerance. It comes as no surprise that the fundamentalist movement was amply financed by the biggest monopoly bosses.

In a number of states, especially in the South, laws were adopted prohibiting the teaching of the theory of evolution and subjecting to criminal prosecution the propagation of views denying the divine origin of man. These laws served



as the precipitant for the scandalous "Monkey Trial" in Dayton, Tennessee, in the summer of 1925. Proceedings were brought against a young schoolteacher named John T. Scopes who had dared express his doubts in the constitutionality of one such "anti-evolutionary" state statute. The task of defending obscurantism and religious fanaticism was taken up by the one-time Progressive William J. Bryan, who appeared in the garb of the prosecutor. This one fact alone reveals the depth of the changes that occurred in the US political situation.

The political and ideological backwardness of the American proletariat weakened the forces of the left in the labor movement. The Socialist Party of America led by reformists began a period of obvious decline from the early 1920s. It was fairly active in the movement for independent political action until 1924. But after the movement disintegrated the Socialist Party turned into a minor sect, completely isolated from the working class. The sharp decline in socialist influence among the masses was revealed in the course of the election campaigns. While in 1920 the Socialist Party candidate for President (Eugene Debs) attracted about 900 thousand votes, in 1928 Norman Thomas, the candidate of the same party, could pull only 268 thousand votes, less than 1 percent of the electorate.

By this time the Communist Party of America also remained very small: in 1929 it had a membership of 9 thousand. Its activities were still strongly influenced by dogmatism and sectarianism. Serious shortcomings marked party work in the unions. When at the close of the 1920s the reformist leadership of the AFL began to persecute and expel left forces from its ranks, the members of the Trade Union Educational League proposed the creation of independent industrial unions in a number of important sectors (coal, textiles, the garment industry). The new situation called to a restructuring of communist activities in the unions. Therefore, in August and September of 1929 the decision was made to transform the old League in the Trade Union Unity League, which was to function as a coordinating center for the independent progressive unions and left minority groups

in the AFL reformist unions. Despite this, however, the CPA made several attempts to create special revolutionary labor unions, while work within the AFL, which incorporated the bulk of the organized proletariat, languished. This could not but interfere with the establishment of close ties with the masses.

Mistaken tendencies were also revealed in CPA work among the Black population. Part of the party leadership, and notably the John Pepper group, cast doubt on the earlier advanced communist thesis that the Black population were an inseparable component of the American nation. Placing their own thesis in opposition to this they mistakenly argued that the American Negroes represented a distinct nation, and fully ignored the decline of the Southern plantation system which was proceeding at an advancing pace in the twentieth century. Adherents of like viewpoints demanded that the CPA call for the right of US Blacks to self-determination and to the creation of an independent Black state in what was called the "Black belt" of the South. In 1928, with the approval by the Sixth Congress of the Comintern this slogan became a long-lasting item of the CPA program. Of course, such an approach to the Black problem was no solution, for it hampered the efforts to unite Black and white workers in the struggle against their common enemy.

The position of the Communist Party was further complicated by a bitter factional struggle that erupted in its ranks. It began during the 1924 election campaign when it became clear that the attempt to establish a mass union-based third party was a failure and that it was imperative to decide upon the future stance of the Communists with regard to the call for a worker-farmer party. In October 1924 the Central Executive Committee of the Workers' Party of America decided by majority vote to cancel this slogan.

For several years a factional struggle was waged between majority and minority in the CPA first over the interpretation of the worker-farmer party slogan and then over a number of other questions. On several occasions the dispute became so bitter that active intercession of the Communist International was required.

At the close of the 1920s the influence of bourgeois ideology in the ranks of the Communist Party gave rise to a right opportunist group led by Jay Lovestone, who upon the death of Ruthenberg in March 1927 succeeded to the post of Secretary General. Overstating the strength of American capitalism and dismissing the elements of flimsiness in the capitalist stabilization Lovestone and his followers emerged as active proponents of the notorious theory of the "American exceptionalism". Following in the tracks of the AFL reformists they argued that the United States had achieved genuine stabilization, that there was no further threat of economic crisis and that there were no prospects for intensifying the class struggle. According to Lovestone's theory, American capitalism in the twentieth century continued to develop in an ascending scale. Moreover, in the postwar period it had allegedly entered the era of the "second industrial revolution", which, in turn, in the opinion of the opportunists, would result in steady improvements in the situation of the working class and mitigate class contradictions.

The opportunism of Lovestone and his followers met a rebuff from the Marxist-Leninist core of the American Communist Party rallying around William Foster. Nevertheless, until 1929 the Lovestone revisionist group enjoyed a majority in the party's leadership bodies. The serious crisis was overcome only with the help of the Comintern. With the support of the Comintern Executive Committee the American Communists defeated the right opportunists in the ideological struggle and in July 1929 expelled Lovestone and his followers from the party. These events coincided with the commencement of the deep economic crisis of 1929-1933 which drove from the stage both the theory of the "American exceptionalism" and other Lovestone constructions.

### 3. US Foreign Policy Between 1924 and 1929

The foreign policy of the Republican Administration in that period reflected above all the growing expansionist strivings of American imperialism. The US financial elite

carried on the struggle for world hegemony with redoubled energy. Expansion through financial and economic measures was the prime conduit of their ambitions. Therefore, the foreign policy of the Coolidge Administration was conducted under the banner of isolationism. The Republican Administration continued its earlier rejection of military and political alliances with the European countries, defending the slogan of an unrestrained free hand for the United States.

The most important foreign policy thrust was concentrated in the struggle to expand foreign trade, capture new markets, and increase overseas investments. Throughout the 1920s the USA firmly maintained the first place in world export figures, and in 1929 for the first time in history it surpassed Great Britain in the total volume of foreign trade. Foreign investments spiralled. Private investments alone amounted to \$16.5 billion by the early 1930s; together with government loans total US foreign capital investment reached \$27 billion. The immense scale of the export of capital brought colossal returns for the American monopolies. Annual profit from foreign investments stood at some \$850 million.

The US economic expansion was particularly active in Latin America. Guided by the ideology of pan-Americanism and the Monroe Doctrine, the USA penetrated ever deeper into the Latin American economy, driving out its basic competitor, Britain. While before World War I the US capital investment was only a quarter of that of Britain, by 1929 the US accounted for 95 percent of all investment in Latin America. The strengthening of US economic positions south of its borders brought with it stepped-up interference by American imperialism in the internal affairs of the Latin American countries. By the close of the 1920s 14 of the 20 Latin American states were to one or another degree under the economic, political or military control of the United States. To defend its privileges the Coolidge Administration on several occasions "sent in the marines" who dealt ruthlessly with participants in the national liberation movement. In one case, in December 1926 American marines were landed in Nicaragua. After restoring their overthrown hirelings to power, American troops stayed on for several years to



combat the patriotic forces in this small Latin American country. US armed forces retained their presence in Panama, Haiti, Cuba and a number of other Central American countries as well.

The Far East was a major concern of American foreign policy—and China in particular. Here, too, the US made some progress in edging out its imperialist competitors. By the end of the 1920s American trade with China was double the figure for British trade. Still, Japan retained its primacy over the Chinese market. The USA continued to lag far behind both Japan and Britain in the volume of investments in China. In these circumstances the US ruling circles were keenly interested in maintaining the Nine-Power Treaty on China and particularly in the observance of the "open door" and "equal weight" principles, reckoning that economic superiority would in time permit the United States to extend its control over both the economy and political life of China entirely.

In the way of such expansionist ambitions were, however, not merely the resistance of US competitors but also, and above all, the national liberation movement of the Chinese people. Thus, despite the acute contradictions, the USA, Britain, and Japan made haste to unite their strength when the incipient Chinese revolution confronted them with a serious threat. In subsequent years the imperialists made several armed interferences in the internal affairs of China. When in the spring of 1927 the revolutionary units of the Chinese proletariat made major gains and took control of Shanghai and Nanking, American and British warships subjected Nanking to a cruel artillery barrage. The United States and other powers contributed to no small degree to the success of the subsequent counterrevolutionary coup of the right wing of the Kuomintang under Chiang Kai-shek. In July 1928 the United States was the first to recognize the reactionary clique of Chiang Kai-shek as the central government of China, for which favor it was granted a number of new privileges in the country. The struggle of the imperialist powers to consolidate their positions in China now proceeded with renewed force.

Finally, the US position in Europe was also significantly bolstered. The preaching of isolationism by no means interfered with an annual increase of loans and credits to the West European countries. Moreover, the USA began a more active interference in European affairs with the goal of establishing its financial hegemony there as well.

The growing influence of American imperialism in Europe was manifested in the active role the USA played in the question of reparations. It was at US initiative that a new reparations plan, worked out by an international committee of experts under the chairmanship of the Chicago banker Charles G. Dawes, was accepted. According to the Dawes Plan, which went into effect in August 1924, Britain, France, Belgium and other European countries would pay their war debts to the USA by reparations payments received from Germany. In order to strengthen the financial situation of Germany and, consequently, ensure the regular flow of reparations payment it was decided to give Germany big loans. Here, naturally, the chief creditor was to be the United States. The Dawes Plan, in the designs of US ruling elite, was to guarantee the dominance of American imperialism in Germany and then ensure the maintenance of a secure financial hegemony over the rest of Europe. Anti-Soviet calculations, and namely the ambition to utilize Germany as a weapon in the struggle against the Soviet Union, were not at the bottom of the list of US considerations in its chosen stance toward Germany.

However, the Dawes Plan, while giving the American monopolies substantial financial advantages, turned out to be even more lucrative for the German bourgeoisie. Admittedly, at first, the sizeable flow of foreign capital heightened German dependency. But this was a transient phenomenon. Loans in ten figures, primarily from the American capitalists, allowed the German bourgeoisie to restore the country's economic potential already by the close of the 1920s and to bring her back into the ranks of the great powers, once again establishing the groundwork for the rapid rebirth of the military might of German imperialism. This was how the United States contributed to the strengthening of Germany's posi-

tions and to an alteration of the balance of forces in the world capitalist system.

The growing financial and economic expansionism practised by American imperialism, huge sums of export capital and the investment thrust in other economies left the American government with the task of defending US economic interests throughout the globe. But the military and naval strength of the USA lagged far behind its economic might. Therefore, in the second half of the 1920s official Washington came forth with a peace program, hoping to reach its goals primarily through economic expansion and "dollar diplomacy". The position of the American government was strongly influenced by a powerful group of traditional isolationists clustered around Senator Borah and by the propaganda efforts of numerous pacifist organizations.

These were the reasons prompting the Coolidge Administration to take up the cause of bourgeois pacifism. After protracted negotiations between Secretary of State Frank Kellogg, French Minister of Foreign Affairs A. Briand and a number of representatives from other countries an international agreement was signed in August 1928 renouncing war as a means of national policy. This agreement went down in history as the Briand-Kellogg Pact.

In signing the pact and skilfully manipulating the pacifist illusions of the people, the US ruling circles were intending to employ the agreement as an important element of their imperialist policies. On the basis of this agreement they endeavored to establish under American leadership a new international organization to be counterposed to the League of Nations. The Briand-Kellogg Pact was to serve as a tool to help establish American hegemony in Europe and then throughout the globe.

The subsequent course of international events cast aside the US foreign policy strategic designs. The world economic crisis which commenced in 1929 seriously undermined the position of the USA internationally, brought to the point of no return rivalries among the imperialist powers and forced Washington politicians to seek new avenues to carry out the expansionist goals of the USA.

### *Chapter III*

## **THE USA DURING THE WORLD ECONOMIC CRISIS (1929-1933)**

### **1. The Economic Crisis and the Situation of the Working People**

The economic crisis of 1929-1933 was the most profound crisis of overproduction in the entire history of capitalism. For almost four years the economies of the capitalist countries were in total disarray. But the crisis struck deepest in the heartland of the capitalist world—the United States. This is explained by the fact that the USA was the state where monopolies were developed most and held a dominant position in the fundamental sectors of the economy. They were concerned with maintaining the level of profits. To this end they pursued a policy of artificially maintaining high prices on the output of the monopolized industries. This interfered with the sale of backlogs of supplies and created further barriers to the renewal of fixed capital (plant and equipment), which, in turn, hampered the search for a way out of the crisis.

The destructive force of the economic crisis of 1929-1933 was evinced above all in the steep decline in industrial production. In comparison with the pre-crisis 1929 level the gross volume of American industrial output stood in 1930 at 81 percent, in 1931 at 69 percent, in 1932 at 53 percent and in 1933 at 63 percent. The decline in industrial output that commenced in the summer of 1929 continued until 1932 when American production fell to 50 percent the figure it had reached three years before. The period extending from the summer of 1932 to the spring of 1933 was the high-water



mark in the US economic crisis. It was only from spring 1933 that the level of industrial output began to climb slowly, marking the beginning of the transition from the economic crisis to a protracted depression.

However, these mean figures do not give a full picture of the catastrophic decline of industrial production in the USA in 1929-1933. It must be kept in mind that the sharpest reduction in production output took place in the heavy industries where the position of the monopolies was particularly strong and where cutbacks in production became the primary means of maintaining prices. Thus coal extraction between 1929 and 1932 dropped from 544 to 321 million tons (or by 40 percent) and steel output from 56.4 to 13.7 million tons (or by more than 75 percent). In the summer of 1932 the American steel industry was hurled back to its 1901 level and cast iron production was pushed even farther, to its 1896 level. Of the country's 285 blast furnaces only 46 were in operation by the middle of 1932.

The underutilization of capacity, a chronic feature during the general crisis of capitalism, climbed in 1929-1933 to colossal dimensions. According to information provided by special research carried out at the time by a group of American economists the US industry could, with the full capacity utilization of both plant and labor force, provide an additional output of \$287 billion, a figure 3.5 times in excess of the US national income in 1929.

The entry of the USA into a period of industrial crisis was accompanied by an abrupt slippage in the position of the working class. The decline in production, closing of tens of thousands of plants and mines, and the enormous underutilization of existing plant capacity all led to a colossal growth in unemployment. The army of unemployed which had been quite sizeable even in the period of partial stability increased manifold during the years of crisis. According to information collected by the Labor Research Association, a progressive organization of American economists, by the end of 1932 there were almost 17 million fully unemployed in the USA. Moreover, underemployment was also very widespread. According to AFL data, only 10 percent of the American

proletariat were fully employed at the peak of the industrial crisis.

Tens of millions of the unemployed and their families were deprived of all means of subsistence during the crisis. The absence of social security benefits in the USA left no hope for aid on the part of the government. After many months of a fruitless search for work and the dwindling away of personal savings, working families were faced with the real threat of death from starvation which became a common phenomenon in the richest capitalist country in the world. In New York alone in 1931 more than 2 thousand deaths from starvation were recorded.

The position of employed workers sharply deteriorated as well. By virtue of systematic wage reductions and underemployment the total wages of the American proletariat declined by about 60 percent. The results were evinced in the incredible impoverishment of the working class. According to AFL estimates, the real wages of the American worker declined in the four-year period by an average of 35 percent.

The situation of the small farmer took a catastrophic turn for the worse. If even during the fattest years of capitalist stabilization the bulk of American farmers remained on the fringes of "prosperity", now with the onset of the crisis in industry and the new intense aggravation of the crisis of overproduction in agriculture millions of farmers found themselves on the brink of complete ruin. Prices of the basic produce of cropping and livestock husbandry fell by two-thirds or even three-quarters from 1929 to 1932, as a result of which gross farm income fell from \$11,950 million to \$5,337 million (or by 55 percent). The situation of the farmers was made even more difficult by the fact that prices of goods in the monopolized industrial sector showed considerably less decline than in the fragmented agricultural sector. While in 1929 a pair of boots cost the equivalent of 6 bushels of corn, in 1932 the same boots cost 50 bushels. Therefore, the purchasing power of agricultural goods declined much more rapidly than did the absolute agricultural prices: it went down by 80 to 90 percent on the average within three years of the crisis.

But the greatest difficulties for the farmer were caused by the so-called fixed expenditures of production: rent, interest on loans and taxes. In 1932 they consumed up to 40 percent of gross farm income. It is not surprising that it was becoming virtually impossible for the bulk of farmers to meet these expenses. As a result, the expropriation of farm holding proceeded at a gallop during the crisis years. In the four years from March 1929 to March 1933 897 thousand households, or 14.3 percent of all farm units went bankrupt and were forced to sell out. The ruined farmers either remained on their former holdings as tenants and retreated to a semi-natural (barter) economy or packed up and left with their families to join the huge army vainly wandering about the country in search of work.

The crisis also struck deep at the country's financial system. In October 1929 an unprecedented stock market panic set in with stock values rapidly rolling down. While on October 1 of that year the total value of stocks registered on the New York Exchange amounted to \$87 billion, by November 1 it had sunk to \$55 billion. But this was only the beginning. The decline in stock quotations continued without relief for more than three years. By March 1933 the total value of stocks in the USA had dropped to \$19 billion, a decline of 77.8 percent.

The financial crisis wreaked havoc in all of the US banking system. In the four years from 1929 through 1932 some 5 thousand, or a fifth, of the country's banks, declared bankruptcy. The financial crisis reached a peak in the spring of 1933 when the banking system arrived at a state of total disarray. This meant that millions of small depositors lost their lifetime savings and were left in poverty.

The economic crisis of 1929-1933 dealt a severe blow to the position of the working people. Describing the situation at the time William Foster wrote: "The United States, erstwhile land of boasted capitalist prosperity, became a nightmare of hunger, sickness, destitution and pauperization."

## 2. The Domestic and Foreign Policies of the Hoover Administration

The millions of workers and farmers left destitute hoped that the government would come to their rescue. However, nothing of the sort was forthcoming during the entire period of economic crisis. This can be readily comprehended. After all, the pivotal positions in the Republican Administration were held by prominent members of the financial oligarchy such as Andrew Mellon, Robert Lamont and others. Naturally, the "cabinet of millionaires", as progressive community nicknamed the Hoover cabinet, adopted an extremely reactionary economic policy so as to shift the entire burden of the crisis on the shoulders of the working people.

For a long time Hoover and other figures in the Republican Administration denied the very existence of an economic crisis in the country. In their public statements they argued that the USA was going through a temporary recession rather than a crisis, that the economic structure was sound and that "prosperity was just around the corner". Even in October 1930, when there were few who doubted that the capitalist world had entered into a period of acute economic crisis, President Hoover argued in a speech to the American Bankers Association that America's trials in 1929 were no more than "a temporary halt in the prosperity of a great nation".

The economic crisis of 1929-1933 brought out flagrantly the inhumane nature of the philosophy of "rugged individualism" promoted by the leaders of the Republican Party. Under the specious argument that government interference in the economic affairs of society contradicted the "American way of life" the Hoover Administration relentlessly refused all demands for the introduction of a social security system. At best it agreed that unemployment compensation fell within the competence of the local authorities, while in fact these functions devolved exclusively upon private philanthropy. Hoover seemed to be mocking the sufferings of the people when he stated that direct aid to the unemployed by the government was inexpedient because it would lead to "an enervation of will" and "destruction of character". Thus,



the practical actions of the Republican Administration in the sphere of unemployment relief were confined to the organization on a small scale of public works and to attempts to introduce the so-called plan of "work-sharing", that is, extending partial employment to all workers employed before the onset of the crisis in any given sector of the economy. The offshoot of this system was that further inroads were made into the wages of the employed. The government rejected any more radical plan for relief for the unemployed. It was only in July 1932, some three years after the crisis had begun, that a law was adopted providing for the allocation of \$300 million in federal funds for one-shot benefits for the unemployed. Clearly this sum was insufficient to provide any substantial relief.

The agricultural policy of the US ruling elite did not meet the demands of the period either. Under pressure generated by widespread dissatisfaction among the farmers in June 1929 a special session of Congress approved an Agricultural Marketing Act. On the basis of this law a special government agency, the Federal Farm Board, was created to help stabilize domestic prices by systematic purchases and withdrawal from the market of surplus wheat, cotton and other staples. The Treasury allotted \$500 million for this purpose. The adoption of the new law was accompanied by an energetic campaign to represent it as a measure implemented for the benefit of all farmers.

The results of the "stabilization operations" of the new Farm Board soon revealed the true value of the government declarations. Procurement operations continued for roughly a year and a half and came to a halt altogether in June 1931. By this time huge supplies had been accumulated in government bins: 257 million bushels of wheat and 1.3 million bales of cotton. Having spent all its allotted funds within a short time the Board realized windfall profits for the big farmers and especially for the monopolist corporations in whose hands the basic reserves of agricultural produce were concentrated. But the Farm Board was unable to carry out its basic mission—the achievement of higher prices.

Moreover, concentration in the hands of the government

of huge reserves of produce with no prospects for sale at a profit exerted as early as 1930-1931 a highly unfavorable influence on the market, provoking a systematic decline in prices. When with the second half of 1931 the Farm Board called off its purchase of produce and began to dump the amassed reserves on the market at a colossal loss this led to the complete disruption of the American agricultural market and in turn to a further worsening in the situation of millions of small and medium-size farms.

The attitude of the Hoover Administration to the needs of big capital was markedly different. With the first signs of economic crisis the bourgeois state rushed to the aid of the monopolies. In November and December of 1929 a series of conferences were held in the White House with representatives of business circles. To stimulate private capital investment the federal government adopted urgent measures to make easy credit available and at the close of 1929 pushed through Congress a tax reduction on corporation incomes. In June 1930 the Hawley-Smoot Tariff Act was put into effect. This act represented the apogee of protectionism, and the stipulated tariff increases on imports were utilized by the monopolies to push up domestic prices of industrial goods.

In the fall of 1931 a new stage was initiated in the financial policies of the Republican Administration. The abrupt worsening of the economic situation, the new pinch of the credit crisis and the increasing frequency of bankruptcies among the major banks forced the Hoover government to move to direct subsidizing of the monopolies. In October 1931 Hoover moved to establish the National Credit Association with reserves of \$500 million. This capital was to be obtained primarily through voluntary contributions by banking groups. When such contributions turned out to be insufficient to save the monopoly conglomerates, substantial government funds were introduced. In January 1932 Congress passed a law establishing the Reconstruction Finance Corporation (RFC), initially with a capital of \$2 billion later increased on more than one occasion by further budget allocations. By early March 1933, when the Hoover Administration's mandate ended, the RFC had financed loans amounting to \$2.1 billion.

Some two-thirds of these funds were directed to banks, insurance societies, railway companies and other monopoly financial institutions. A miserly sum was left for the millions of needy workers and farmers. As the American historian Samuel Morison remarked, "...the RFC gave little relief to the people who most urgently needed it!"

The domestic policies of the Hoover Administration and particularly the activities of the Reconstruction Finance Corporation bore witness to the new intensification of state-monopoly tendencies obtaining during the economic crisis of 1929-1933. To be sure, as long as the Hoover Administration remained in office these tendencies were revealed primarily in the form of government subsidies to the monopolies rather than in direct economic regulation. Besides, the tendency did not extend to the sphere of social relations.

In the sphere of foreign policy the Hoover Administration took energetic measures too. This is explained by the fact that the crisis of 1929-1933 entailed a relative weakening of the international positions of American imperialism. The volume of US foreign trade plummeted sharply in these years (by an estimated 70 percent) and a sharp depreciation of foreign holdings accompanied the process. The US position as the world's center of financial exploitation was now somewhat tenuous.

Of course US ruling circles would not reconcile themselves to a weakening of the country's role abroad. The result was the outbreak of a struggle between the United States and its imperialist rivals, notably Great Britain, for investment opportunities and markets. Canada and Latin America became the areas of fiercest competition between the two countries. However, the outcome of this struggle was on the whole unfavorable for the USA. While at the close of the 1920s American capital had made significant inroads in Canada and especially in Latin America, with a concomitant weakening of Britain's position, with the onset of the crisis of 1929-1933 the latter moved to the counteroffensive and essentially drove out the USA. US exports to the major Latin American countries dropped to one-sixth, a reduction far exceeding that suffered by Britain. Part of the US capital

investments in Latin America were also transferred into the hands of British capitalists.

The United States was more successful in the competitions in the area of naval shipbuilding. Throughout the 1920s American diplomacy had sought to achieve parity for the USA and Britain in all categories of naval craft. Now it scored a new and major victory. The London Naval Conference of 1930 recognized the principle of parity for the US and Britain not only with battleships, as had been done in 1922, but for cruisers, destroyers and submarines. This gave the USA solid grounds to carry out the subsequent rivalry for control of the seas.

Jointly with their attempts to shore up the tottering international position of American imperialism US ruling circles continued in the early 1930s to direct their efforts to the establishment of a united anti-Soviet front of all imperialist powers. The Hoover Administration continued its policy of non-recognition of the Soviet Union. On several occasions it initiated anti-Soviet campaigns intended to hamper the economic development of the first socialist state in the world.

Anti-Soviet goals formed the underpinnings of US policy toward Germany. The powerful blows of the crisis had already brought the latter to her knees. The bitterness of the class contradictions in Germany reached the breaking point. Fear for the destinies of the German monopoly bourgeoisie and the ambition of retaining Germany as a shock force against Bolshevism forced the US ruling circles to resort to emergency measures. In June 1931 at Hoover's initiative all debt payments and reparations from Germany were halted for one year. In practice the Hoover moratorium was the first step to the full cancellation of reparations, which was accomplished in 1932 at the Lozanne Conference. The cancellation of reparations was a windfall for the German imperialists since it permitted them to accelerate the pace of restoring the military and economic potential of the country and to step up preparations for a new war for redivision of the world.

US policy in the early 1930s contributed in no small measure to the exacerbation of tensions in the Far East. When



in September 1931 Japanese troops occupied Manchuria the Hoover Administration refrained from even a formal denunciation of Japanese aggression, declaring that Japan's actions did not amount to a violation of the Briand-Kellogg Pact. The position adopted by US ruling circles is to be explained by their hope for the outbreak of a military conflict between Japan and the USSR. It was only when the Japanese Army advanced to the south in the region of Central China, rather than the north, that US Secretary of State Henry Stimson (in a note of January 7, 1932) put forward the doctrine of non-recognition condemning all actions running counter to the Open Door principle in China. However, the Hoover Administration by no means gave up hope for a Japanese-Soviet conflict and abstained from taking decisive measures to strengthen the position adopted in the Stimson note. This paved the way for new aggressive acts by Japan.

The anti-Soviet thrust of the foreign policy of the US ruling elite served in effect to strengthen Germany's and Japan's positions and contributed to the gradual alteration of the balance of forces among the major imperialist powers, the end result of which was the Second World War.

### **3. The Mass Workers' Movement in the Period of Economic Crisis (1929-1933)**

The protracted disfunctioning of the economy spurred by the economic crisis and the resultant acute shortages and destitution suffered by millions of working people, coupled with the pro-monopoly elitist policies of the bourgeois government represented the objective base for a new mass popular movement.

The principal form of the labor movement in the period of economic crisis was a movement of the unemployed. This was logical, for the overwhelming majority of the American proletariat had been affected by unemployment to one degree

or another. Finding themselves in a particularly disastrous position during the crisis, millions of the unemployed took up the struggle to satisfy their basic needs earlier and more energetically than other groups.

The movement of the unemployed in the USA was the first mass movement of the American proletariat under the leadership of the Communist Party. By December 1929 the CPA leadership, having achieved the complete ideological defeat of right opportunism, worked out a program of action for the unemployed. The Communists mobilized them to struggle for the introduction of state social security benefits, including unemployment relief, and for immediate aid from the federal and state governments and from the municipal authorities. The CPA called for just wages for public work.

The mass movement of the unemployed made its presence felt in the very first year of the crisis. On March 6, 1930 protest demonstrations against unemployment were held throughout the country under the leadership of the Communist Party. Tens of thousands of working people took to the streets of New York, Chicago, Detroit, Pittsburg, Philadelphia and other major industrial centers. The number of demonstrators on this day reached 1,250 thousand. In June 1930, the first National Unemployed Convention was held in Chicago. The convention delegates, who came from all parts of the country, approved the Communist-initiated program of action for immediate aid for the unemployed and for introduction of a federal social security system. The convention established a National Unemployment Council to coordinate the activities of the numerous local councils of unemployed leading the workers' struggle in the various cities, countries and states. Large segments of the Black population played an active role in the movement of the unemployed.

Following the Chicago Convention decisions in the summer of 1930 the CPA worked out and presented to the workers for consideration a social security plan. This plan envisaged the payment of relief for unemployment, old age or illness to an amount equal to the average wages of an industrial worker. The social security fund was to be created through a surtax on big capital and at the expense of the

military allocations. The activities of the federal social security bodies were to be under the constant control of elected workers' organizations. The program drawn up in the Workers' Unemployment Insurance Bill became the demand of demonstrations and hunger marches that mushroomed throughout the country in 1930-1931. In this new upsurge of the labor movement, the first National Hunger March of the unemployed, initiated and led by the Communist Party, moved on Washington in November-December 1931. On December 7, 1931, the opening day of the regular session of Congress, the marchers moved through the streets of the US capital, demanding immediate aid to the unemployed. The Washington authorities, frightened by the scale of the demonstration, mobilized the police and refused a delegation of the unemployed access to the Capitol building and to the White House. However, the determination and high measure of organization evinced by the hunger marchers produced a strong impression on the nation.

The Veterans' Bonus March on Washington in the summer of 1932 represented another important event in the US class struggles. The bulk of the veterans came from the unemployed, but among them were also many ruined farmers, small proprietors, merchants and office personnel. The ex-soldiers and their families marched into the capital to demand the payment of veterans' bonus certificates—compensation for their service in the army during World War I. By June 1932 some 20 thousand participants had assembled in Washington. The presence of such a vast army of hungry people could not be ignored by Congress. Therefore the House of Representatives decided by majority vote to meet the veterans' demands. However, at the insistence of President Hoover the Senate rejected the House bill for bonus certificates. Given impetus by these events the veterans' movement pushed on to a more advanced level. The slogans changed: now they demanded not only bonus appropriations but also the introduction of a social security system. Specific political actions taken by the movement became more effective. Demonstrations with many thousands of participants, the seizure of empty government buildings and the emergence of elected

soldiers' committees testified to the growth of militance among the bonus marchers and to growing political awareness as well as organizational strength.

On July 28, 1932 army detachments acting on the President's orders and led by General Douglas MacArthur drove the veterans out of the city with tear gas, tanks and machine-guns. The unarmed veterans and their wives and children, choking from the gas, saw their temporary dwellings destroyed by tanks and cavalry and then set on fire. But these reprisals did not intimidate the working people. The movement of the unemployed continued to gain strength. In December 1932 the residents of Washington saw in the streets the participants in the second National Hunger March. In the name of millions of unemployed the marchers demanded that Congress take extraordinary measures of relief for the workers and farmers.

The Socialist Party and affiliated left opposition groups in the AFL (the latter formed in 1929 at the Conference for Progressive Labor Action) joined in the unemployment movement, whose demonstrations and hunger marches between 1930 and 1932 were predominantly organized by the Communist Party. Workers' alliances and unemployed citizens' leagues organized by these groups often became an important element in the day-to-day struggle of the working class, and in a number of instances they made direct contact with councils of the unemployed. Thus, in the early 1930s the foundations were being laid for concerted action by all unemployed in the struggle to secure the basic subsistence needs for all working people.

The strike movement proceeded less intensely. In fact, in the crisis situation the strike struggle of the working class found itself in troubled waters. Now it was much easier for management to combat strikes than had been the case in the boom years. At any moment it could dismiss hundreds of strikers, fully confident that tens of thousands of hungry folk stood waiting behind the factory gates ready to take up any, even the most menial and poorly paid work. In such a situation it took a tremendous amount of courage, self-sacrifice and fortitude to go on strike.



Still, despite the poor level of organization of the American proletariat and despite the fact that the AFL came to an agreement with the Hoover Administration in 1929 committing the former to refrain from strikes as long as the crisis lasted, the strike movement of the working class reached significant dimensions. During the four crisis years, the number of strikers reached 1,138 thousand workers. The biggest strikes of the time were those sweeping across the Pennsylvania, Ohio and West Virginia coal regions in 1931, when under the leadership of the Trade Union Unity League (TUUL) workers waged a bitter struggle against their employers which lasted for several months.

The active participation of the TUUL in the major actions of the American workers increased the numbers and influence of the left wing of the union movement led by the Communist Party. In 1933 the Trade Union Unity League numbered almost 100 thousand members. This created a solid basis for winning over to the side of the left wing hundreds of thousands of rank-and-file AFL members who had no wish to remain passive victims of the crisis and were dissatisfied with the capitulatory policies of their leaders.

The Communist Party and the TUUL made substantial efforts during these years to unionize large numbers of Black workers. Communists also initiated a number of campaigns in defence of the Blacks. Of particular significance was the 1931 campaign to save the lives of nine Black youths in Scottsboro, Alabama, falsely accused of the rape of white women. This heightened the reputation of the Communist Party among the Black population.

At the same time, the Trade Union Unity League was leaning increasingly toward parallel unionism and the establishment of independent leftist unions even when it would have been more relevant to push for a strengthening of the left opposition within the reformist AFL unions. The result of such a bent was the isolation of the TUUL unions from the bulk of organized workers. For this reason the most important tasks confronting the CPA were the elimination of sectarian errors and the alignment of all working class forces in the fight to secure immediate subsistence needs.

The economic crisis of 1929-1933 brought into the movement other groups in addition to the millions of workers. Broad segments of the American farm population joined in a resolute drive against monopoly oppression. Dissatisfaction established deep roots in the farm belt even during the period of relative economic stability. When with the close of the 1920s the agricultural crisis took a turn for the worse and prices of staple farm products plunged downward and when, finally, the attempts of the Farm Bureau to stabilize the market ended in a debacle, the farmers' indignation reached unprecedented heights. Even the American Farm Bureau Federation and the Grange, organizations of the large-scale capitalist farmers, went in opposition to official government policy on agriculture in those years. But the rallying point for disgruntled farmers became the National Farmers' Union that defended the interests of not only the rural bourgeoisie but, within certain limits, of the small and middle farmer as well. In November 1930 John A. Simpson, a leader of the radical wing of the farmers' movement, was elected President of the National Farmers' Union.

In spring 1932 the Union called upon the farmers to stop the sales of farm produce until a higher price level was attained. A special body, the National Farmers' Holiday Association, led by President of the Iowa Farmers' Union Milo Reno, was set up to direct the boycott.

In August 1932, farmers in Iowa, responding to an appeal by the Association, went on strike, and the action soon spread to Minnesota, North and South Dakota, Nebraska, Wisconsin and other states of the Midwest. Strike pickets were set up on the roads leading into the cities. Farmers erected barriers of stone, lumber and old wagons across the roads to block the way for trucks carrying agricultural produce to the purchasing points operated by the monopoly concerns. The disturbed authorities mobilized a substantial police force to meet the threat. At the entrances to these cities there were fierce clashes between farmers and police. The confrontation lasted two months, and it was only in mid-October 1932 that through reprisals, threats and promises the authorities managed to subvert and then put an end to the strike.

However, this did not spell the end of the farmers' movement. At the close of 1932 and outset of 1933 the frequency of resistance to the forced sale of property and inventory for non-payment of debts and taxes increased. Farmers arrived at auctions to prevent anyone, by threat of force if necessary, from taking part in the selling and buying. Another form of resistance adopted by the farmers was the so-called "penny sale". The farmers chose a few sympathizers to take part in the auctions and offer ridiculously low sums for the property on sale. No one else was allowed to bid. The farmers forced the creditors to liquidate the debt by accepting as payment a hundredth or even a thousandth of the capital owed and then to return the auctioned property to the former owner. Soon these incidents were a daily occurrence. In January 1933 disruptions of farm auction were happening at the rate of 10 to 20 a day.

The United Farmers' League led by Communists, played an active part in the struggle against compulsory sales. In the South the Share-Croppers' Union, established in the spring of 1931 at the initiative of the Communist Party, was an active force. In the course of the struggles the CPA and farmers' organizations under its ideological influence persistently advocated the call for worker-farmer unity in the fight against the monopolies. This slogan was the focal point at the National Farmers' Conference held in December 1932 under Communist leadership. The Conference called for the establishment of a relief fund of \$500 million for needy farmers, for postponements on debts and taxes, for the prohibition of the forcible auctioning of farmers and for the introduction of a social security system. A Farmers' National Committee of Action was elected to work for the implementation of this program and became the organizing center of all left forces in the farmers' movement. In spring 1933 the American farmer's movement reached its climax. The idea of declaring a nation-wide farmers' strike was brought forth, viewed as a means of exerting pressure upon the government to force it to provide aid for the farmers. In March, 1933 the National Farmers' Holiday Association took up preparations for the strike.

The intensification of class contradictions in the USA during the economic crisis created a tense political situation in the country. William Foster later wrote of this period: "The country was alive with unemployment demonstrations, strikes, and bonus marches, and the horizon boomed with the sharpening class struggle. Never in all their history had the American capitalists been so confused and frightened as they were now at the appalling economic and political situation."

This feeling of trepidation experienced by the monopoly bourgeoisie for the fate of their class dominance was indeed well founded. The powerful blows of the crisis sending the economy into a protracted tailspin forced many Americans to reassess things which had so recently seemed self-evident to them. The almost universal conviction of the superiority of the "American way of life" was replaced by doubts in the justice and perspectives of the capitalist system. Big capital again came under heavy critical fire. The unfocused anti-capitalist strivings of the people were reflected in the growth of collectivist ideals, in a mounting interest in the Soviet Union, and in the wide popularity of the idea of planning the national economy in the interests of "general well-being".

The election campaign of 1932 developed against the background of these strained circumstances. Neither bourgeois party could fail to confront the mass dissatisfaction with the existing situation and indignation at the uncontrolled monopoly string-pulling; the desire for change could not be ignored. Thus both Democrats and Republicans tried harder than ever before to present themselves as the true champions of popular interests. Even the stalwart Republicans were forced to make some concessions. For example, in March 1932 Hoover signed the Norris-La Guardia Act imposing substantial limitations on court interference in industrial conflicts. However, this was the exception rather than the rule for the Republican Administration. The 1932 Republican platform contained nothing of substance to ameliorate the desperate situation of the workers and farmers. Such important questions as unemployment relief, the introduction of a social security system and aid to the farmers in debt were passed over in silence by the Republicans. In substance,



they limited their election campaign to praise of Hoover's efforts and calls for his re-election.

The Democratic Party and its candidate for the Presidency New York Governor Franklin Delano Roosevelt came forth in 1932 as proponents of a more flexible policy to deal with popular discontent. As distinct from the Republicans, the Democrats recognized the necessity of certain concessions and a number of liberal reforms to blunt the edges of the class contradictions in the country. The call for a "new deal for the American people" voiced by Roosevelt during the campaign was directed to this end.

The flexible tactics adopted by the Democrats during the 1932 campaign as well as the much more favorable position of being in the opposition permitted them to heap the blame for the crisis on Hoover and the Republicans and assured Roosevelt of a landslide victory at the polls. In the elections he won 22.8 million popular votes, giving him 472 in the electoral college, while Hoover drew only 15.8 million popular and 59 electoral college votes. Moreover, the Democrats swept to a majority position in both Houses of Congress. Now the Democrats held the reins of power in both the executive and legislative branches.

## *Chapter IV*

### **THE USA DURING ROOSEVELT'S NEW DEAL (1933-1939)**

#### **1. The New Deal and Its Class Nature**

In early March 1933, at the moment of Franklin Delano Roosevelt's inauguration the economic and political situation in the country was extremely tense. On the heels of a new intensification of the industrial and agricultural crisis came the complete collapse of the banking system, which in effect ceased functioning. The banking catastrophe which occurred in February and March of that year paralyzed the US economy and entailed the mass ruination of small depositors. Millions of working people were now directly confronted with the threat of starvation and death.

The American people who had already borne the burden of the crisis for several years now, were no longer in a mood to tolerate a do-nothing government. The industrial workers and farmers were increasingly vociferous in their demands for decisive relief measures. Dissatisfaction and indignation were growing from day to day.

In these days, critical for the American bourgeoisie, the ruling financial elite in the USA, fearing for its position of class dominance, was forced to alter the direction of the ship of state, the more so because the inappropriateness of Hoover's philosophy of "rugged individualism" was now evident to all. The elite was forced to agree to a more flexible policy and to the promulgation of a number of liberal reforms. The new, 32nd President of the United States, Franklin D. Roosevelt was the moving force behind these reforms and went down in history as one of the most im-

portant, far-seeing and realistic of American political figures.

As soon as it took up the reins of power the Roosevelt government set in motion an entire complex of extraordinary measures. On March 9, 1933 it summoned a special session of Congress, which worked for three months. Congress adopted a multitude of law encompassing nearly all aspects of the country's economic and political life. In this space of the "first hundred days" of the Roosevelt Administration the policy known as the New Deal took its basic shape.

The theoretical underpinnings of the New Deal were found in the thought of the English economist John Maynard Keynes, a proponent of state-monopoly capitalism. Reflecting the profound changes accruing in the economies of the capitalist countries during the era of the general crisis of capitalism, Keynes and his followers argued that capitalism was no longer a self-regulating system and that energetic government regulation was required to ensure the normal course of capitalist reproduction. In conformity with these general theoretical propositions put forth by the Keynesians the New Deal government set as its fundamental socio-economic task the restoration of the economy and salvation of the threatened US ruling class through active government intervention in the process of capitalist reproduction and through systematic government regulation of the economy. The commencement of the New Deal marked the transformation of state-monopoly capitalism, which had begun during World War I, into a constant factor in US economic life.

The political mission of Roosevelt's New Deal consisted in using the methods of social maneuver to blunt the mass workers' and farmers' movement that rolled over the country during the crisis period of 1929-1933. This explains why the cardinal points of the New Deal, calculated primarily to consolidate monopoly dominance in industry and agriculture, included some concessions to the working people and certain liberal reforms somewhat extending the rights of workers and farmers.

The New Deal signified a major break with the ideology of reactionary individualism and with the principles of classical liberalism with its doctrine of free trade and governmental non-interference in the economy. Instead, the ideology of neo-liberalism was adopted, implying active government interference in private property relations with the aim of shoring up the eroded socio-economic foundations of capitalist society through improvements in the social structure and liquidation of the most noxious cancers in the body of society.

The transition by the Roosevelt Administration to a moderate liberal domestic policy was accompanied by a broad propaganda campaign. New Deal adherents tried to picture it as a "peaceful revolution" of sorts, which would supposedly alter the nature of the state power in the USA, transforming it from an organ of class dominance into a weapon in defence of the interests of all of society. These assertions had nothing in common with reality. In point of fact Roosevelt's New Deal was merely a variety of bourgeois reformism, directed at retaining the influence of bourgeois ideology over the masses of populace, deflecting them from the struggle against capitalism and in this way consolidating the class dominance of the US monopoly bourgeoisie. William Foster wrote that: "...President Roosevelt ... was a frank supporter of the capitalist system and the avowed purpose of his New Deal was to preserve and strengthen that social order with certain liberal trimmings."

The central component of the New Deal was the National Industrial Recovery Act (NIRA) which became law on June 16, 1933. This represented an attempt to introduce control over the production and sales of industrial goods with the aim of rapidly overcoming the economic crisis. In addition, the law included measures to regulate worker-owner relations.

The NIRA contained three basic provisions. The first included measures establishing government regulation of industry. According to the law all industrial conglomerates were obliged to draw up "codes of fair competition". After ratification by the President these codes would acquire the



force of law. Each code determined mandatory production quotas, distribution of markets and price levels, prohibiting to dump industrial goods below them. During the life-span of the NIRA such aspects were to be excluded from the realm of anti-trust legislation. Overall control over the implementation of these codes was given to the National Recovery Administration (NRA) headed by General Hugh S. Johnson. In an interval of a few months "codes of fair competition" were drawn up in all sectors of American industry. By the middle of 1934 there were roughly 500 such codes in existence covering industries employing 95 percent of the labor force.

The NIRA significantly consolidated the positions of the monopolies. Exerting a controlling influence when these codes were drawn up, representatives of the major corporations as a rule assured themselves of a majority of votes in each given sector of industry and dictated the terms of production and marketing in all other enterprises. The result of such government regulation was the encouragement of monopolistic practices and, eventually, the *de rigueur* formation of cartels in industry. The reports of the government commissions investigating the work of the NRA observed on several occasions that the fair competition codes facilitated a strengthening of monopoly positions and helped squeeze out the weaker competitors. The most publicity was drawn to the commission headed by the eminent lawyer Clarence Darrow, which was appointed by Roosevelt in March 1934 to study the monopolistic tendencies which had emerged during the period of operation of the NIRA.

The second group of measures considered in the NIRA encompassed the sphere of labor relations. Under pressure from the labor movement the US ruling circles were forced to make some improvements in the working conditions of the workers. Section 7(a) of the NIRA prescribed that employers were to establish a minimum wage and ceiling on the work week in the fair competition codes. The same article proclaimed the right to organize and bargain collectively. However, in practice all these provisions were often circumvented by the employers. Taking advantage of the loop-

holes in Section 7(a) of the NIRA, which was drawn up in highly general terms, many employers either simply refused to conclude collective agreements, retaining instead the "open shop" principle in their factories, or imposed company unions entirely in the pockets of the bosses and with the aid of such unions foisted highly unfavorable contracts upon the workers. The NRA leadership, rather than obstruct such practices, actually encouraged them to some degree by providing an interpretation of Section 7(a) quite to the liking of the employers.

The National Labor Board established in August 1933 to assist in the peaceful regulation of labor conflicts played an important role in the system of government regulation. This organ of government arbitration, as well as its successor, the National Labor Relations Board established by the Wagner Act in June 1934, functioned as a tool to protect the class interests of the American bourgeoisie. It was designed to ward off or even frustrate strikes. In some labor conflicts the government bodies decided in favor of the workers. However, neither the NLB nor the NLRB had any resources to force the employer to implement their recommendations. Hence the major companies as a rule ignored unfavorable decisions by these arbitration boards, resorting to them only when it was necessary to break up a strike.

The third set of provisions in the National Industrial Recovery Act were devoted to the problem of unemployment relief. Using the powers given by the law the President established a Public Works Administration (PWA) and placed at its head Secretary of the Interior Harold L. Ickes. The sum of \$3.3 billion was allotted for the work planned by the PWA. In addition to the provisions stipulated in the NIRA the President resorted to other relief measures for the unemployed. For instance, in the spring of 1933 the first of a network of work camps for unemployed youth were established. Next, the Federal Emergency Relief Association (FERA) under Harry L. Hopkins began to administer subsidies to the states for the struggle against unemployment. Finally, in November 1933 the Civil Works Administration (CWA) was set up and given the task of

providing temporary jobs for the unemployed during the winter months.

The scale of the public works program administered by the government was substantial even in the initial years of the New Deal. During 1933-1934 from 2.5 to 3 or even (in some months) 4 million people were provided jobs. But this accounted for only a small part of the multi-million strong army of jobless (from 15 to 25 percent), while the bulk remained out in the cold both literally and figuratively speaking. This explains the growing urgency of the discussions on the introduction of a social security system.

Another important element of the New Deal was the Agricultural Adjustment Act adopted on May 12, 1933. The central aim of the new law consisted in achieving higher prices for agricultural products and increasing the purchasing power of the farmers. It was hoped to reach these goals through reductions in farm output. Farmers were to give their agreement to reductions in sown area and in their live-stock herds through a contract with the government for which they would be given special cash subsidies. Funds to pay for the program were to come from taxes levied on the processors of farm products, which in the end would be passed on to the consumer. The Agricultural Adjustment Administration (AAA) was established as the government agency with responsibility for curbing agricultural production.

The AAA began its work in the summer of 1933. According to government guidelines some 10.4 million acres of ripe cotton were ploughed over. Next, reduction of acreage under corn and wheat was begun. In the autumn of 1933 the AAA purchased from the farmers and slaughtered more than 6 million pigs. In the dairy regions so-called milk codes were drawn up imposing production quotas and minimum prices. Finally, in 1934 a plan was worked out to impose crop controls on cotton and tobacco producers.

This was a spectacle: while millions of unemployed in both town and country were destitute of even the basic foodstuffs the US government was carrying out a systematic mass destruction of agricultural produce. It was endeavor-

ing to adjust food production to the narrow limits imposed by the capitalist market and by way of this liquidate the agricultural crisis.

However, government regulation did not succeed in drawing US agriculture out of its crisis situation. Although enormous sums were spent on crop-curbing operations the central mission of the AAA was only partially fulfilled: the purchasing power of the US farmers in 1934 reached only 75 percent of the pre-war level, and 86 percent in 1935. It was the big capitalist farmers who benefited, not insignificantly, from the AAA operations. The bulk of the subsidies for crop reductions fell into their hands. Besides, the intensification of agriculture permitted them to receive comparable or even higher crops from the reduced acreage. At the same time the bulk of the small holders were often faced with ruin at the prospect of reductions in their already modest sown acreage. Thus the activities of the AAA intensified class differentiation on the farms and accelerated the process of concentration in US agriculture.

In addition to crop-control provisions the Agricultural Adjustment Act included measures for refinancing mortgage payments. The Farm Credit Administration (FCA) was set up and empowered to give farmers loans at interest rates lower than those on their mortgage payments. From 1933 through 1935 \$2 billion in such loans were administered. However, the huge sums doled out by the government fell primarily into the hands of banks, insurance companies and other monopoly credit agencies, and furthered only the interests of debtor farmers with already substantial holdings. As far as the smallholders were concerned, they were for the most part left to fend for themselves since the terms of the loans excluded many of them from taking advantage of the possibility of refinancing their debts. Mass eviction sales and forced foreclosures on account of unpaid debts and taxes continued during the FCA years: within the first three New Deal years almost 600 thousand farms, or 10 percent of the total in existence in the USA were auctioned off.

Finally, finance restructuring formed another element of the New Deal policies of the Roosevelt Administration.



An entire complex of emergency measures in this sphere were adopted in the first days and even hours of the fledgling administration. The reason for such haste requires little explanation—after all, the inauguration of Roosevelt coincided with the virtual collapse of the country's banking system. Consequently the President's first move was to declare a holiday for the banks still functioning. On March 9 Congress rushed through the Emergency Banking Relief Act providing loans for "sound" (read "biggest") banks. The operations of the Reconstruction Finance Corporation begun under Hoover were substantially expanded. Under Roosevelt, by early 1935 the RFC had administered loans exceeding \$6 billion. About 40 percent of this sum was distributed to the biggest banks. The offshoot of this policy was the further concentration of the banking system and dissolution of the less solvent banks. By the middle of the 1930s the number of banks in the country had been reduced from the 1929 total of some 25 thousand to 15 thousand.

Other financial measures undertaken by the Roosevelt Administration (abandonment of the gold standard, concentration in government hands of all gold reserves and the devaluation of the dollar) were primarily intended to intensify the regulating functions of the capitalist state, increase its financial resources and expand the export opportunities for the American business community. Concurrently, a number of steps were taken to appease the millions of small depositors and share-holders. Special Congressional acts which went into law in 1933 somewhat restricted stock-market speculation and empowered the government to establish the Federal Deposit Insurance Corporation. Thus, the financial policy of the Roosevelt Administration, though setting as its primary goal shoring up the positions of big capital, also included certain concessions to the working people.

What then were the results of the New Deal promulgated by the Roosevelt Administration in the mid-1930s?

Energetic government interference and regulation of the economy resulted in certain improvements in industry and

some mitigation of the crisis situation. In spring 1933 the economy began to emerge gradually from the crisis. However, as throughout the capitalist world, the depression which set in the USA in that same spring was marked by unprecedented stubbornness. The US gross industrial output, which in 1933 stood at 63 percent of the 1929 level, rose in 1934 only to 66 and in 1935 to 79 percent of the pre-crisis level. Underutilization of the existing production capacity remained exceedingly high and the army of jobless still stood at roughly 14 million at the close of 1935. It was only with 1936 that signs of a revitalization of industrial production were observed. But these signs were short-lived: already in the second half of 1937 the United States and many other capitalist countries began to experience a new economic crisis and industrial output, having barely reached the 1929 level, again plunged sharply. All attempts to remedy the economy and to introduce planned regulation of production which were undertaken in 1933-1935 by the Roosevelt Administration could at best blunt the impact of the blows dealt by the crisis. But such endeavors were incapable of doing away with the cyclical development of capitalist production.

The political mission of Roosevelt's New Deal, that of establishing a "class truce" in the country, was also far from success. To be sure, in the first months following the ushering in of the new administration there was a noticeable weakening in the mass movement of working people in the country. Millions of workers, farmers and urban middle class residents placed high hopes on the New Deal program which to all appearances was designed to meet their aspirations. The improvements in the economic situation first registered in spring 1933 gave Roosevelt the aura of a savior and deepened the illusions of the working people. However, the concrete actions of the government in 1933-1934 showed the populace that the New Deal fell far short of its promises and of their hopes. The anticipations fueled by the New Deal were now replaced by discontent and disenchantment. This provoked a new wave of activism in the mass labor and democratic movement.

## 2. The Labor and Democratic Movement in the Mid-1930s

The industrial proletariat was the forefront of the class struggle in the USA in the mid-1930s. By the second half of 1933 the American working-class strike movement had increased greatly in scope in comparison with the preceding years. All in all, 1,168 thousand workers went out on strike in this one year, a number exceeding that for the combined four years of the economic crisis (1929-1932). In 1934 the number of strikers rose to 1,467 thousand workers. The total number of strikers in the period from 1933 through 1936 was 4.5 million.

The upsurge of the strike movement offered visible proof of the extreme dissatisfaction felt by millions of workers with their economic position. They were also discontented with inadequacies in the labor legislation of the Roosevelt Administration, by systematic violations of Section 7(a) of the NIRA and by the precipitous rise of company unions. During the early years of the New Deal these questions occupied center-stage for the organized labor movement. It was no coincidence then that nearly all the major strikes of those years called for the precise observance of the NIRA statutes concerning work conditions and, especially, collective bargaining and the right to organize on their own. It was the workers' struggle rather than the activities of the President and his liberal "brain trust" that ensured the enactment of even those minimal gains won by the American proletariat in the sphere of social legislation.

The San Francisco general strike of July 1934 represented a high point in and served as a spur to the labor movement in the United States. The core of the strikes was formed from sailors and longshoremen of the Pacific coast. For several months earlier they had fought for the recognition of their union and improvements in conditions on the job. The effort was led by a united strike committee headed by Harry Bridges, spokesman for the West Coast longshoremen. When in July 1934 the employers decided to try terrorist methods against the sailors and dock workers the entire San

Francisco proletariat came to their aid in response to an appeal from the strike committee. The number of strikers reached 127 thousand. Even the leaders of the local reformist unions, including the California branch of the AFL, had to support the San Francisco general strike.

The events in San Francisco sent tremors of panic through the forces of reaction. In a radio broadcast the Governor of California labelled the general strike a "communist rebellion". The local authorities unleashed substantial forces of police and national guard to suppress the strike. Gangs of thugs hired by the employers vandalized the offices of the Communist Party, workers' clubs and the left labor unions. The repressive measures were carried out with the blessings of NRA chief General Johnson, then in San Francisco. On the other hand, the forces of the workers split under the strain. The leadership of the AFL, far from supporting the strike, actually bent all its efforts to break it. This brought about a fissure in the strike committee, whose membership included many reformist union figures, supporters of AFL leader William Green. On the fourth day of the general strike they pushed through a decision to call off the action. However, the force of proletarian solidarity did compel the employers to make partial concessions to the demands of the sailors and longshoremen, notably concerning wage increases and the right of union control over the hiring and dismissal of workers. The San Francisco general strike demonstrated to workers throughout the country that acting in concert they could wring major concessions from the bosses.

After the events in San Francisco the strike movement of the American proletariat spread throughout the country. By September 1934 the country's major textile regions were caught up in a general strike. For three weeks 475 thousand workers waged a stubborn struggle for the precise observance of conditions at work as established in the textile industry code. A year later, in September 1935, some 400 thousand miners in the bituminous coal industry carried out a successful general strike.

All in all the strike movement in the USA in the mid-1930s had highly favorable results for the workers. Average



wages were given a sharp boost and work conditions improved noticeably. In the majority of sectors of industry the eight-hour day was established at the plant as well as on paper. For the first time roughly 3.5 million workers wrung paid vacations from their employers.

Major advances were made in the union movement as well. With the upsurge in the strike movement in the second half of 1933 the membership of the AFL unions began gradually to rise. Tens of thousands of young militant workers, coming to the union ranks from worker self-defence groups and picket lines brought fresh radical moods into the torpid atmosphere of conservative craft unions of the American Federation of Labor. The ensuing growth of the left wing in the AFL was still further intensified when in March 1935 the Trade Union Unity League proclaimed its own dissolution in order to encourage more cohesion of all forces in the trade union movement. The members of the TUUL now joined the corresponding AFL unions. Roughly 125 thousand members of the TUUL, who had carried out stalwart class struggles under the leadership of the Communist Party, now pitched into the day-to-day activities of the AFL locals. The strengthening of the left wing of the American unions gave a new impetus to the movement to reorganize the AFL craft unions along industrial lines. This drive, first pushed at the close of the 19th century by prominent representatives of the working class was now supported by a number of leaders in the AFL. John L. Lewis, President of the United Mine Workers and one of the most influential AFL leaders, headed the group supporting the immediate reorganization of the country's labor into industrial unions. Lewis was backed by Sidney Hillman, Philip Murray, David Dubinsky and other prominent AFL figures.

The new winds in the US unions were stirred up primarily by considerable changes that had taken place in the structure of the working class in the leading capitalist countries. The expansion of mass production, intensified mechanization and widescale introduction of production lines undermined the position of the skilled elite of the working

class and significantly boosted the proportion of the unskilled and semi-skilled in the labor force. This provided the social underpinnings for the mass movement to restructure the AFL along industrial lines as it developed in the USA during the New Deal period.

The Lewis group were not tardy in perceiving the significance of these important processes. Realizing that the establishment of mass industrial unions could be dangerous for the AFL leadership, Lewis and his associates tried to bring the process under their own control and prevent the transition of millions of workers supporting industrial unionism from swinging to the position of the revolutionary forces in the labor movement. It was not for nothing that Lewis on several occasions during the 1930s spoke of the threat of "communist philosophy" and of the necessity of preventing its spread.

The growth of the left wing and the new balance of forces in the AFL unions were vividly expressed during the AFL Atlantic City congress held in October 1935. A sizeable number of delegates including Lewis and his supporters among them came out for the immediate reorganization of the AFL and the replacement of the craft unions by big industrial confederations. However, the basic core of the AFL leadership under Green would not agree to any innovations, and stood stubbornly for the maintenance of the craft principle. The dispute at the congress ended in victory for the supporters of the conservative line: the proposal to reorganize the federation was overturned by a majority of 62 percent.

Then, in November 1935, representatives of 8 unions with a combined membership of roughly 1,250 thousand, gathered in conference in Washington and proclaimed the establishment within the framework of the AFL of the Committee for Industrial Organization (CIO) under the leadership of John L. Lewis. This new union body from the outset began to organize large industrial unions in the key sectors of heavy industry which up to the middle of the 1930s had been almost entirely untouched by the union movement. However, this mass campaign met bitter resistance from the conserva-

tive leadership of the AFL. Although the CIO activities in no way violated the charter of the AFL its executive committee delivered an ultimatum demanding the immediate dissolution of the CIO and in September 1936 suspended all CIO-affiliated unions from the Federation.

AFL President Green's supporters could not brake the precipitous growth of industrial unions. Under the leadership of the CIO, in which communists, former members of the TUUL, played a major role, big industrial unions were organized for the first time in the steel, automobile, oil, electrical, aluminum and other branches of heavy industry. The membership of the CIO unions grew rapidly: by the autumn of 1937 they included roughly 3.8 million workers. As for the total number of unionized workers in the USA at the time, it stood at higher than 7 million, a 2.5-fold increase from 1933. This was a major success of the American labor movement during the New Deal period.

In this period the US working class movement continued its pressure to secure government unemployment relief. The New Deal 1933-1934 public works programs to provide employment represented a step forward. Still the central demand of the unemployed for the introduction of a federal social security system was not satisfied during the initial New Deal years. Left groups in the US labor movement threw their energies behind this effort. The Communist Party continued to play a leading role in the struggle for a social security system. The National Unemployment Council established on communist initiative during the years of crisis campaigned for the adoption of a "workers' bill" first proposed back in 1930 by the Communist Party. The plan contained in the bill for the institution of a comprehensive social security system at government and employer expense soon won such widespread popularity that in February 1934 Congressman E. Lundeen of the Farmer-Labor Party of Minnesota introduced a Workers' Bill in Congress.

A whole number of workers' organizations came out in support of the bill. In January 1935 a National Congress for Social Security was convened in Washington at the initiative of the National Unemployment Council, and some

2,400 delegates showed up, representing a constituency of about 2 million people. Among the delegates were members of various organizations of the unemployed, of the left unions and of a number of the AFL craft unions. Following the congress the struggle for the social security legislation developed with renewed momentum. The situation became favorable for a drive to bring together all main trends of the movement of the unemployed. In April 1936 the Communist Party initiated a merger of the National Unemployment Council, the Workers' Alliance (led by the Socialists) and the National Unemployment League (organized by a group of radical unionists) into a united Workers' Alliance of America. Membership in this new national organization of the unemployed reached 500 thousand individuals.

In effect, the hopes of the New Deal proponents to establish a class truce in industry were not fulfilled. On the contrary, a new and still stronger upsurge in the labor movement swept the United States in the mid-1930s.

The attempts by the Roosevelt Administration to achieve socio-economic stabilization in agricultural relations were not destined to succeed either. To be sure, in the first months following the adoption of the Agricultural Adjustment Act in 1933 the farmers' movement noticeably faltered. The aspirations of the farmers for a rapid improvement in their situation were disappointed, however, and by autumn 1933 dissatisfaction with the agricultural policies of the New Deal was more and more evident in the country's farming regions. Reflecting the mood of the bulk of the farm population John Simpson, President of the National Farmers' Union, Milo Reno, Head of the Farmers' Holiday Association and other radical farmers' leaders subjected the activities of the AAA to scathing criticism and called upon farmers to renew their struggle for the satisfaction of their urgent needs. Between October and November 1933 a new farm strike was initiated in the Midwest and the participants demanded more decisive measures to bring up food prices and reduce their debt burdens.

The Communist Party played an important role in the development of the farm movement in the USA. In No-



vember 1933 the Second National Farmers' Conference sponsored by the CPA was held in Washington. The delegates worked out a broad relief program for farm laborers that included such demands as annulment of mortgage debts, a prohibition of eviction sales, price increases for farmers through a radical reduction of middleman profits and the issuing of government subsidies to the share-cropper. Using this program the Communist Party in May 1934 brought forth an emergency relief bill for farmers which won the support of broad segments of the American farm population.

With the active participation of the left workers' groups a significant strengthening of progressive Farmers' organizations was now under way. Branches of the Communist-led United Farmers' League were in existence in 18 states at the time. In July 1934 the Southern Tenant Farmers' Union was established in Arkansas with the help of left socialists. The new organization established close ties with the Share-Croppers' Union, active under CPA leadership. By early 1936 these two southern-based farmers' unions had a membership of almost 40 thousand.

Consequently, the farm movement in the USA continued in the early New Deal years although it was not as massive as it had been in 1932-1933 at the peak of the agricultural crisis. As for farm laborers, who were totally bypassed in the New Deal program, 1933 marked the beginning of a steep rise in their movement. During the three years from 1933 through 1935 roughly 150 thousand farm hands went out on strike. In January 1935 the Communist Party initiated the first National Conference of Farm Laborers that called for the creation of a national union of farm laborers and workers engaged in the cannery and packing industries. Left unionists campaigned energetically and with considerable success: in July 1937 a nation-wide confederation of the US agricultural proletariat was established and called the United Packing and Agricultural Cannery and Allied Workers of America. By the close of 1937 its membership had grown to 100 thousand.

The workers' and farmers' struggle for improvements in their economic situation created new highly complex prob-

lems for the Roosevelt Administration. Urgent measures were called for in order to ward off further popular dissatisfaction with the shortcomings of the New Deal policies. This task became all the more urgent when the first signs became evident of a recovery of the mass democratic movement and notably of the movement for independent political action among the working people.

The objective socio-economic basis for the new and powerful wave of democratic movement in the USA was the protracted economic disarray in the country's economy brought forth by the crisis and the ensuing depression. Millions of working people could now see clearly that their chief enemy were the monopolies. No small role in exposing the venal policies of the monopolies was played by the left wing of American historians (Lewis Corey, Frederick L. Allen) and by the publication of Matthew Josephson's book *Robber Barons* (1934). Moreover, the economic crisis engendered doubt in the minds of Americans about the relevance of the capitalist system itself. A belief in the need of replacing the society founded on the pursuit of profit by a new "cooperative" one with the "general welfare" as its aim received wide circulation. Thus, in the democratic movement of the 1930s we can observe an interweaving of traditional anti-monopoly ideas with incoherent socialist striving.

Popular disillusionment with both major bourgeois parties served as the political fount of the mass democratic movement. During the four years of economic crisis the Hoover Administration policies totally discredited the Republican party in the eyes of the working people. But, in 1934 it became evident that the New Deal initiated by the Democratic Administration did not fulfill the hopes of the people either. A huge army of unemployed, share-croppers, Blacks and urban middle strata suffering continuing deprivations year in and year out, were forced into debt, ruination and hunger. Millions of destitute and desperate people searched frantically for egress from the unfolding situation. They seized upon anything which seemed to promise them escape from poverty. This explains the growth of the numerous

"panacea movements", each trying to push through one or another social reform.

The Townsend National Recovery Plan, providing for monthly old age pensions of \$200 through a tax imposed on all business operations, sparked a widespread movement of support. "Townsend clubs" sprang up throughout the country and by early 1935 already had an enrollment of 500 thousand registered members, while more than 20 million Americans signed a petition for the adoption of the plan by Congress. During these years the West Coast states were swept by another movement of social protest under the slogan of EPIC (End Poverty in California) put forth by the American writer Upton Sinclair. The panacea movements mirrored the protest of millions of working people against monopoly exploitation and expressed their ambitions for radical changes in the existing order. However, the plans they advanced for restructuring capitalist society were utopian. They were visible proof of the extreme political backwardness of the bulk of the American population.

The newly revitalized movement for independent political action and for the establishment of a third party was of a more radical and politically oriented nature. The League for Independent Political Action was particularly active in this drive. The League was founded in 1929 by members of the radical petty-bourgeois intelligentsia somewhat influenced by the Socialist Party. The leadership of the new organization included the eminent American philosopher John Dewey, Professor of Economics of Chicago University Paul Douglas, the editor of the magazine *Nation* O. G. Villard, the religious leader Howard Williams, and others.

The program of the League took its cue from the writings of the famous American sociologist and economist, ideologue of the non-monopoly bourgeoisie Thorstein Veblen. The League saw the chief cause of poverty in the dominance of the financial oligarchy which had basic control over the allocation of the country's means of production. To liquidate the economic and political dominance of the monopolies the League called for the immediate transfer of industry, trans-

port and all financial institutions to government hands. It proclaimed as its ultimate aim the establishment of a co-operative society in which the production and distribution of material benefits would be geared to satisfying the general welfare rather than impulses of private gain. A *sine qua non* of this expansive program to restructure the capitalist system was the establishment of popular rule, and the transfer of power should be accomplished without violence or coercion through the gradual winning of a popular majority in Congress. In the 1932 elections the League for independent Political Action supported the Roosevelt candidacy. In 1933, however, the League leadership pointed out the insufficiency of the New Deal program and the reluctance of the Democratic Administration to carry out cardinal reforms in the popular interest. So in order to preserve and extend the progressive aspects of the New Deal the League initiated a broad campaign for creation of a nation-wide third party.

Another group playing an important role in the struggle for independent political action was the Farmer-Labor Party of Minnesota. This organization had enjoyed a fairly broad influence in the state since the early 1920s. It made its debut on the national scene later, with the onset of the economic crisis of 1929-1933. Between 1930 and 1936 the FLP-Minnesota leader Floyd B. Olson held the post of governor. After Olson's death he was succeeded to the post by Elmer Benson, another eminent FLP figure. The administration of the FLP-Minnesota as a rule promoted the needs of the "little guy". Already before the outset of the New Deal the FLP carried out a number of important relief measures for the workers and farmers of Minnesota. At the same time, the FLP congressmen from Minnesota took part in the effort carried on by the progressive forces in Congress to extend the social gains of the people on the national scale.

In March 1934 the Minnesota Farmer-Labor Party convention adopted a new and more radical program. The traditional anti-monopoly slogans were supplemented by de-



mands for the nationalization of all the key sectors of industry, transport and banking in the USA. Following the lead of the League for Independent Political Action the FLP-Minnesota regarded these progressive reforms as a starting point for peaceful transformation of the capitalist system into a cooperative society.

Finally, the movement for creation of a nation-wide third party involved a group of progressive Wisconsin Republicans. Since the death of Senator La Follette in the mid-1920s his two sons Robert and Philip had led this group. The first was elected Senator in 1925 and the second held the post of governor from 1930 to 1932. The program of the Wisconsin left Republicans was not as radical as that, say, of the FLP-Minnesota. It went no farther than the traditional slogans voiced by the American anti-monopoly movement: nationalization of the railways and the utilities, setting up government control over the banks and munitions factories, improving the economic situation and expanding the rights of the workers and farmers. Still, on the whole the program was progressive in nature. It put the finger on the main enemy of the people—monopoly. Popular disenchantment with the policies of both bourgeois parties extended to Wisconsin as well. The radical groups of workers and farmers voiced with growing frequency the demand that the progressive Republicans break with their party and form an independent party in the state. Exhortations by the left soon succeeded in their goal. In May 1934 a conference of left Republicans decided to found the Progressive Party of Wisconsin under the leadership of Philip La Follette. The new party won a smashing victory in the 1934 elections. Senator Robert M. La Follette won another term as Senator while his brother Philip was restored to the post of governor after a two-year interval.

After these initial victories in the effort to promote independent political action in various states of the Midwest, progressive forces in the USA launched a broad campaign for the immediate formation of a third party on the national level. Back in September 1933 the League had sponsored the founding of the Farmer-Labor Political Federation

under the leadership of the Wisconsin Progressive Thomas R. Amlie. In July 1935 at a national congress of supporters of a third party held in Chicago the Farmer-Labor Political Federation was transformed into the American Political Commonwealth Federation. The new organization undertook to unite all progressive forces in the country within the framework of an independent third party. This party was to be organized by the beginning of the upcoming 1936 campaign so that it could put forth its own candidates for state and national office against the Republican and Democratic candidates. The core of the program for the national third party was to be the petty-bourgeois reformist theory of the gradual transformation from a capitalist to a cooperative society.

### 3. Changes in the Political Climate and the Leftward Shift in the New Deal

The upsurge in the workers' and farmers' movement during the initial years of the New Deal, the organization of powerful industrial unions, the arrival of a new stage in the struggle for independent political action and the formation of a nation-wide third party combined to create a new political conjuncture in the country in the mid-1930s. Decisive changes took place in the attitudes of a wide segment of the US monopoly bourgeoisie. This is understandable, for in 1932-1933 the ruling elite had supported the New Deal only because the worsening economic crisis had begun to erode the positions of the major conglomerates as well as the small firms, and the struggle of the bulk of the population, led to the brink of destitution and despair by the crisis, was assuming a revolutionary character. Now the worst of the crisis was behind. The need of government regulation of the economy was less urgent than in 1932-1933. On the contrary, as the economic conjunctures improved the New Deal and the NIRA sections concerning the work conditions increasingly confined the monopolies curbing their

ambitions to boost profits unremittingly. On the other hand, the hopes of big business for a weakening of the mass working-class movement had not been justified. This is why already in 1934 a large segment of the US monopoly bourgeoisie shifted to opposition to the New Deal. Representatives of the most reactionary monopoly circles pressed with growing insistence for the repeal of all liberal reforms and for the application of coercive methods against refractory workers, for a return to the Hoover principles of government non-interference in the country's economic life.

The shift by a number of influential financial groups to direct opposition to the New Deal and the ensuing consolidation of reactionary forces were most clearly expressed in the emergence of the American Liberty League. This ultra-conservative organization was founded in August 1934 with the backing of the Du Pont and the Morgan groups. It brought together reactionary elements from both major parties. Among the political leaders of the American Liberty League were such prominent Democratic conservatives as Alfred E. Smith, John J. Rascob, Jouett Shouse and the leaders of the Republican "old guard" Senator James Reed and Congressman James Wadsworth. The basic points of the American Liberty League program called for a reduction in government expenditures on social benefits, a withdrawal of government regulation of the economy, a roll-back on corporation taxes, and an outright suppression of all manifestations of radicalism. From the outset the League began a systematic struggle against the New Deal policies. Guaranteed what amounted to unlimited financial backing, the League broadcast its message over the radio, carried on a vigorous anti-Roosevelt campaign in newspapers and magazines and released a flood of pamphlets and brochures. The total volume of League publications in two years amounted to roughly 5 million copies.

The numerous fascist organizations of that time were even more strident in their ambitions. Ultra-reactionary groups and federations such as the Khaki Shirts, Silver Shirts, Sentinels of the Republic and German-American

Bund functioned in various parts of the country with a wide assortment of programs. But they held one overriding goal in common: that of crushing the labor movement and establishing an openly terrorist dictatorship of the fascist type. These groupings were quite prepared to move from words to action. At the close of 1934 extremist elements of the American Legion and Sentinels of the Republic in conjunction with some of the leaders of the League even drew up plans for a "March on Washington" with the aim of seizing power.

The reactionary offensive, the shift of a broad segment of the big monopolists to opposition to the New Deal and the emergence of fascist groupings among the American bourgeoisie represented danger signals for the political future of the American Republic. The potential danger was augmented by the real threat of the emergence of a potential mass base for a fascist movement in the country. Demagogues of a fascist ilk, dressing themselves up as the enemies of big capital and adeptly playing upon the political illiteracy of the masses, attracted broad segments of the petty bourgeoisie and encouraged their opposition not only to the New Deal but to bourgeois democracy as such.

One of the most powerful of the fascist-oriented movements took form in the South, and was headed by Senator Huey Long of Louisiana. Relying heavily on demagogic tactics to win the sympathy of the poor whites in the South, Long gradually took over the local Democratic party machine and established a personal satrapy in Louisiana. The would-be dictator had his sights on the White House and hoped to extend the regime established in his home state to the US as a whole.

In order to become a leader of national renown and gain a strong following in the upcoming elections, Long in 1934 put forward the so-called "Share-Our-Wealth" program. It called for a fundamental "redistribution of property" and in the establishment, through tax increases on the upper income brackets, as well as confiscation of the largest private holdings (exceeding \$8 million), of a special fund to increase minimal family income to \$4-5 thousand annually. The



program also promised to introduce old-age pensions, establish a minimum wage rate and organize the government purchase of agriculture produce.

The highly appealing "share-wealth program" was in point of fact sheer bunk. Huey Long's own book, *My First Days in the White House*, offers substantial proof of this. In the book he argued that if elected President he would consign the "implementation" of his plan to "share the wealth" to the biggest millionaires such as Andrew Mellon, John D. Rockefeller, the Du Ponts and other conspicuous figures in the US financial oligarchy. However, the politically naive popular following attracted to Long from among the farming and urban petty bourgeois strata saw him as a fighter against big business and champion of their interests. In the wealth-sharing societies established at his initiative membership reached more than 7.5 million by early 1935. As the elections approached, Huey Long stood out as one of Roosevelt's most dangerous rivals. This represented a major threat to the New Deal policies on the part of the right-wing reactionary forces, whose plaything the ambitious Louisiana dictator had in fact become. Only the murder of Long by a personal enemy in September 1935 removed from the political scene the most dangerous fascist demagogue in the history of the United States.

Another mass movement with fascist leanings was led by a Catholic priest from Detroit named Father Charles E. Coughlin. In his daily radio broadcasts, begun during the period of economic crisis, Father Coughlin adroitly manipulated the anti-monopoly mood of the masses, denouncing the "godless capitalists" and calling for the establishment of a "socially just" system in America. The first chapters of the National Union for Social Justice were founded in the autumn of 1934 at Father Coughlin's initiative and then appeared throughout the country. Public appearances by the "radio-priest" drew huge audiences that numbered 12 to 15 million in 1935. Relying on the success he had achieved, Father Coughlin and his coterie tried to direct popular dissatisfaction against the New Deal and the left forces of the labor movement and use it for the establishment of a politi-

cal system reminiscent of the "corporate order" then reigning in fascist Italy.

These reactionary elements keyed up to do battle with the New Dealers during the election campaign of 1936. Joining forces the followers of Father Coughlin and of the late Huey Long tried to twist the popular desire for a third party to their own advantage. Through demagoguery they succeeded in gaining a foothold in the mass farm and urban petty bourgeois organizations. They began to operate in conjunction with Dr. Townsend and some of the leaders of the National Farmers' Union and the Farmers' Holiday Association. In June 1936 these forces combined to form the Union Party which proclaimed its intention of running in the upcoming elections and put forth as its candidate for the Presidency a congressman from North Dakota and member of the Non-Partisan League named William Lemke who enjoyed wide popularity among farmers in the West. Many followers of Townsend and Lemke joining the Union Party believed that they would be carrying out the struggle for radical changes in the country. They were deceived, for the Union Party became a dangerous tool of the reactionary forces bent on redirecting popular discontent against Franklin Roosevelt and his New Deal policies.

Yet another important tool of reaction employed against the New Deal was the Supreme Court, then the most conservative element in the US state system, playing the role of sole interpreter of the Constitution. It was the Supreme Court, whose composition at the time was extremely reactionary, which in the mid-1930s became the center of gravity for conservative forces. On May 27, 1935 the Supreme Court ruled against the NIRA, striking at the heart of the New Deal. On January 6, 1936 the Agricultural Adjustment Act met the same fate. In the brief interval from January 1935 through May 1936 the Supreme Court declared unconstitutional 11 of the laws adopted by Congress between 1933 and 1934. The most important gains won by the American people at the outset of the New Deal were placed in danger.

The strengthening of reactionary-fascist tendencies in America and the ensuing offensive launched by the reac-

tionary segments of the monopoly bourgeoisie against the New Deal prompted a wave of resistance from the democratic movement. All progressive forces in the country stood up to fight reaction and fascism, pressed for preservation and extension of democratic freedoms and the political rights of the working people.

The Communist Party exerted a major influence on the evolution of the democratic movement. As early as September 1933 the American League against War and Fascism was founded at the initiative of the CPA. The influence of the new organization grew rapidly. In September 1934 it sponsored a nation-wide anti-war congress, whose delegates represented a total of 1.8 million Americans.

With the close of 1935, after the decisions of the Seventh Comintern Congress helped American communists overcome a number of their sectarian mistakes the Communist Party of the United States began to play a major role in the struggle waged by the country's democratic forces against reaction and fascism. Basing itself on the experience gained by the international labor movement the CPA in November 1935 launched a campaign for the formation of a United Front intended to bring together the broad masses of workers, farmers, Blacks, progressive intelligentsia, petty and middle urban bourgeoisie in the common fight against monopoly reaction. Through the United Front the CPA endeavored to implement at this new historical juncture the long-entertained notion of an anti-monopoly coalition which had first been suggested in the USA during the time of proliferating democratic movements at the turn of the twentieth century. Taking into account the weight of national traditions, the American communists directed their efforts at the formation of a Farmer-Labor Party as a specific form of the United Front.

By the time of the 1936 election campaign the Communist Party had already made substantial gains in the effort to set up a nation-wide third party. First of all, it established close ties with the Farmer-Labor Party of Minnesota, with the Progressive Party of Wisconsin and with other organizations which had been active on behalf of the po-

litical rights of the working people since the early 1930s. In addition, new Farmer-Labor parties were founded with Communist backing in Connecticut, Illinois, Michigan, South Dakota and a number of cities and counties in other states. With every passing month the number of adherents of the idea of a nation-wide third party grew within the unions (especially after the formation of the Committee for Industrial Organization), within the radical farmers' organizations (the National Farmers' Union and Farmers' Holiday Association), and among progressive Black groups affiliated with the National Negro Congress founded with Communist support in February 1936. Finally, the steps taken by the Communists to establish the first working contacts with the Socialist Party, from 1934 under the strong influence of left socialists led by Norman Thomas, were of major significance.

Taking advantage of this progress, the CPA and other radical groups in the democratic movement tried to achieve the rapid organization of a national farmer-labor party. In May 1936 a national conference of supporters of a third party was convened in Chicago at the initiative of the FLP-Minnesota. The delegates to the conference approved in principle the idea of a national third party. They ratified the basic points of the proposed platform which included a call for important democratic reforms such as the liquidation of monopolies, socializing natural resources, the introduction of a federal social security system at government and employer expense, improvements in work conditions, a prohibition on eviction sales of farms, limitations on the authority of the Supreme Court, and so forth. However, urged by the moderate wing the Chicago conference rejected the proposals of the left for the immediate formation of a national farmer-labor party. A final decision on this question was postponed until the fall and then tabled for an indefinite period.

One of the underlying causes of the unsuccessful outcome of the effort to found a third party was the negative stance taken by the leaders of the union movement. The AFL leadership continued to defend Gompers' idea of trade union



neutrality and categorically denounced all forms of independent political activity by the working class. The majority of the leaders of the industrial unions grouped around the CIO were also short on the quality of political independence. To be sure, they, in distinction from the AFL leadership, did not as a rule take a stand against independent political action. Moreover, some of them even supported in principle the notion of a third party. However, in practice the CIO leadership took virtually the same stand, which cut deep into the possibility of establishing a nation-wide farmer-labor party.

This became even more evident in the spring of 1936 when the CIO leadership made public the position they intended to adopt during the forthcoming elections. In April a Non-Partisan League was established at the initiative of John Lewis and other leaders of the CIO. The new organization set as its mission promoting the cause of liberalism in the United States. It directed the brunt of its efforts to the re-election of Roosevelt in 1936.

The political role played by the Non-Partisan League turned out to be extremely contradictory. On the one hand, it facilitated the mobilization of the union movement in the USA for the struggle in defence and for extension of the New Deal gains and against extreme reactionary forces. On the other hand, it strengthened the political dependence of the working class on the bourgeois liberalism of F. Roosevelt and in so doing dealt a serious blow to the movement for independent political action and a third party.

The policy of social maneuver employed by the Roosevelt Administration since 1933 also exerted a highly unfavorable influence on the movement for a third party. The introduction of isolated progressive reforms supported by an artful propaganda campaign, adeptly and subtly directed by the President and his immediate coterie, the widening rift in the ruling class itself and the growing bitterness of the attacks against the New Deal by monopoly reaction, combined to strengthen the reformist illusions of the workers and farmers, heightened their faith in the traditional two-

party system and created further obstacles to the establishment of a third party.

The left forces of the labor movement and notably the Communist Party endeavored to resist the growing spread of bourgeois ideology among the working people. But in this period the CPA had still not succeeded in strengthening its ties with the masses. The calls to a United Front and for a national farmer-labor party were put forth by the Communists after much procrastination. By this time—the close of 1935—the arguments of the moderate wing had made their mark and within the ranks of the movement for independent political action there was a rising tide in favor of giving unreserved support to Roosevelt's liberal platform.

These were the basic factors underlying the gradual erosion and then nearly total washing away of the movement for independent political action in the USA. The task of establishing a nation-wide farmer-labor party again fell into abeyance.

Still the mass democratic movement of the 1930s exerted a major influence in US political life. The American people dealt a decisive defeat to the forces of monopoly reaction. Through a courageous struggle the people made new gains in various spheres of society. Popular pressure brought about a noticeable shift to the left in New Deal policies. The most striking feature of this second stage of the New Deal beginning in 1935 consisted in the fact that the Roosevelt government, to a much greater extent than before, had to take into account the interests of the workers and farmers. The social aspect of the New Deal now came to the forefront.

The most important trophy of the USA working class was the National Labor Relations Act, better known as the Wagner Act, which became law on July 5, 1935. In this most radical of the New Deal laws the workers' rights stipulated in Section 7(a) of the NIRA were given fuller articulation. In particular, the Wagner Act underscored the workers' right to organize and join the union of their choice, to collective bargaining between workers and the employer, to

strikes and picketing and to the employment of other joint methods to defend the interests of the workers. According to this new labor act government organs were to enforce restrictions against unfair labor practices by employers, such as interfering with activities of labor organizations and with a worker's decision to join a union, setting up company unions, or refusing to negotiate with the elected worker representatives over the conclusion of a collective agreement. Responsibility for implementation of the National Labor Relations Act was entrusted to the National Labor Relations Board (NLRB) whose decisions were now binding for the employer and could only be challenged in court.

Another major triumph of the American labor movement in the second stage of the New Deal was the enactment of the federal Social Security Act, the first in American history. This law, signed by Roosevelt on August 14, 1935, provided for pensions for the aged and the infirm, for unemployment insurance, and for benefits to the needy mothers and children. Money for security payments was to be raised by a payroll tax levied on employees and income tax on employers. A serious insufficiency of the measure was that it fell far short of covering all categories of workers. It bypassed farm laborers and those engaged in trade, government institutions and the service sector. The law maintained total silence on the question of sickness benefits.

Finally, the same year witnessed a substantial increase in the scale of public works. In April Congress approved a law allocating \$4.9 billion to this end. The Works Progress Administration (WPA) was set up with Harry L. Hopkins at its head to supervise the implementation of public works projects. Within the space of a few months the new government agency had grown to a substantial scale: by March 1936 more than 3.4 million people were employed in WPA projects. To be sure, even during this second stage of the New Deal only a fragment of the unemployed were given work in the relief program. Of course, government measures could not of themselves dispense with the problem of unemployment as such. Nevertheless, the expansion of the pub-

lic works projects was a matter of crucial importance since during the protracted depression it served as the sole means of support for millions of people.

An important turn took place in the New Deal agricultural policies as well. In February 1936, soon after the AAA was struck down by the courts the Roosevelt Administration carried through Congress the Soil Conservation and Domestic Allotment Act which continued crop restriction under a new legal form, and provided measures aimed at restoring soil fertility. The urgency of this latter problem became evident after the devastating droughts and dust storms of the 1930s. The protection and development of natural resources was one of the goals of the Tennessee Valley Authority (TVA) established during the first stage of the New Deal in 1933. The formation of this federal agency was the outcome of a long struggle waged by progressive forces in the USA for the protection and planned development of the country's natural resources. Senator George W. Norris played a great part in promoting the idea of government ownership of the power industry. During the second half of the decade the government initiated a broad program of hydroelectric development in the Tennessee River Basin. Although under capitalism such an agency had very limited opportunities, its activities still did much to promote technological progress and local pride in what was formerly one of the most backward regions in the South.

It was no less important a shift in New Deal policy that now, under grass-roots farmer pressure, government aid was at least partially rechannelled to the low-income farm population, rather than being provided only to the big commercial farmers. It was with this aim in mind that in May 1935 Roosevelt proclaimed the establishment of the Resettlement Administration, which in 1937 was transformed into the Farm Security Administration. These federal bureaus were set up to build work-camps for migrant farm laborers, provide financial aid to small farmers and help them resettle on more fertile land, give loans to tenant farmers to help them purchase their farms. They facilitated the creation of cooperative organizations of share-croppers and



tenant farmers for the purchase of land, livestock, supplies and equipment, for marketing produce and sometimes for joint land cultivation. It should be added that the practical implementation of this program encountered fierce resistance from the monopoly bourgeoisie, the planters and the commercial farmers. Besides, government allocations for aid to the low-income farmers were clearly insufficient. But the limited relief measures adopted to aid the small farmer during the second stage of the New Deal were important not so much for their practical effect (which was not great) as for the fact that mass popular pressure had brought about recognition of the principle of government "social responsibility" for the situation of the working people.

In sum, during the second stage of the New Deal the American people forced through a number of important reforms in the sphere of social relations. The Communist Party of the USA has on several occasions observed that the New Deal was "one of the most progressive chapters in our country's history".

The new political climate in the USA was most keenly felt during the election campaign of 1936. The striking feature of this election was the fact that the scramble for office was this time not merely a duel between Tweedledum and Tweedledee, as had so often happened in the country's history. This time the campaign was a bitter clash between two opposing tendencies and the outcome would decide the future development of the country—along the road of bourgeois democracy or along that of monopoly reaction.

The leftward shift of the New Deal completed the process of demarcation in the ranks of the US monopoly bourgeoisie. The bulk of the American bourgeoisie considered that given the protracted depression and the upsurge in mass political activity the flexible policy of social maneuver undertaken by the New Deal should be even more energetically pursued, and concessions to the working people maintained so as to blunt the edge of class contradictions. During the 1936 campaign F. Roosevelt, again the Democratic candidate for President, became the chief proponent of such a viewpoint.

But the more reactionary circles of the financial oligarchy took a stance against this policy. They argued that a policy of concessions led not to the weakening but to the intensification of the workers' and farmers' movement and created a serious threat to the existence of the capitalist order. So they accused the Roosevelt Administration of being "soft on the reds", called for an end to the New Deal, for rejection of all social reforms and for a strong dose of repressive measures against the working people. During the campaign of 1936 these ideas were adopted by the Republican candidate Governor of Kansas Alfred Landon.

It was by no means a matter of indifference to the American people who won in this election. This is why a broad coalition formed around the Democratic Party in 1936, that included in its ranks workers, the bulk of the farmers, blacks, intellectuals, the petty and middle urban bourgeoisie and liberal elements of the monopoly bourgeoisie. The affiliation of these groups with the Democratic Party remained strong after the 1936 elections.

The Communist Party made a substantial contribution to the effort made by the democratic forces in the country to combat the reactionaries. The Party played an active role in the 1936 campaign and advanced its own candidates for President and Vice-President. At the same time it directed its primary efforts to the defeat of the Republicans and Landon. Communists supported all that was progressive in the New Deal policies. As distinct from the socialists, who took an ultra-left position in 1936 and denied any fundamental difference between Roosevelt and Landon, the position of the Communist Party in William Foster's estimation, "was one of objective, but not official support for Roosevelt". At the same time the CPA publicized its own program for expanding democracy and for creating favorable conditions for waging a successful battle for socialism.

The vigorous effort of the democratic forces during the 1936 campaign brought Roosevelt a smashing victory at the polls. Roosevelt received 27,751,000 votes to Landon's 16,679,000. Roughly 900,000 votes were given to Lemke of the Union Party. FDR swept 46 states, which gave him 523

electoral votes, while Landon only carried two (Maine and Vermont) giving him merely 8 votes in the electoral college. Clearly the forces of monopoly reaction suffered a crushing defeat in the 1936 elections.

#### **4. The Economic Crisis of 1937-1938 and Its Impact on New Deal Policies**

During the second half of 1937 a new economic crisis erupted in the United States and a number of other capitalist countries. A striking feature of this crisis and one which made it particularly hard to bring it under control was the fact that it succeeded upon a drawn-out depression, rather than upon a protracted industrial boom as had been the case in 1929. The depression had only just begun to be replaced by moderate upturn in industrial output, which in 1936 reached 93 percent and in 1937—103 percent of the 1929 level. With the onset of the new industrial crisis industrial output again plunged, dropping in 1938 to 81 percent of the 1929 level. In key sectors such as the automobile, steel and iron industries production dropped even more by 45-50 percent of the pre-crisis figure. The USA did not succeed in shaking off the consequences of this new economic crisis until the beginning of World War II.

The spread of the crisis again exacerbated the condition of the working people. Millions of workers were taken off the payrolls and the number of unemployed, after dropping to 7.5 million in the autumn of 1937, again rose by the summer of 1938 to 11.5 million, or no less than one-third of the American proletariat. Only a small fraction of the unemployed were given temporary jobs in public projects, the rest suffered severe deprivation and stood in long lines at factory gates in search of any, even the most menial and low-paying jobs. In this way they contributed to further wage reductions for those fortunate enough to retain their jobs.

The bulk of the farm population remained in difficult circumstances. The new worsening of the agricultural crisis led to another fall in the agricultural prices. The gross in-

come of American farmers, which had reached \$10.2 billion in 1937, declined in 1938 \$8.9 billion. This figure was roughly 25 per cent below the level of 1929. The ruination of the American farm population thus proceeded at a quickened pace. In three years alone, from 1937 through 1939, some 300 thousand farm households fell under the auctioneer's gavel for non-payment of debts and taxes.

The blows levelled by the economic crisis made even more urgent the energetic pursuit of New Deal policies and effective relief measures for the millions of working people. However, the resistance of the reactionaries stood as an obstacle to such an approach. Influential US monopoly bourgeois circles decided to take advantage of the economic turn for the worse to fight for the complete retraction of the New Deal measures. In December 1937 a congress of the National Association of Manufacturers adopted a program demanding the immediate repeal of the Wagner Act and an end to government regulation of collective bargaining as well as a cutback on wages and unemployment relief and a reduction in government allocations for public works and other social programs.

But the American working people were in no mood to retreat from the field of battle. Instead they fought to defend the gains of the 1930s. The working class played a leading role in this effort. On the eve of World War II the strike movement of the American proletariat, led as a rule by the powerful industrial unions, became a major political force, encompassing broad segments of the working class.

The sit-down strikes of 1936-1937 were used by the American proletariat as an effective weapon in the class struggle. The pivotal events in this decisive stage of the strike movement took place in Flint, Michigan, where in December 1936 a sit-down strike was declared in the huge General Motors automobile plant. The strike soon occupied the headlines throughout the country. A high level of organization was a remarkable feature of this strike, which was joined by almost 150 thousand workers. A portion of the strikers, some 40 thousand, remained in GM's plant around the clock. The rest kept up picket lines, fought off



attacks by the GM "good squads" refused to allow strikebreakers through and kept provisions flowing to the strikers inside the buildings. Within the first few days the workers seizing several key production points paralyzed the operations of all automobile works of this gigantic firm. After a month and a half of resistance the GM board, which initially had refused all mention of concessions, was forced to capitulate. In February 1937 it agreed to recognize the United Auto Workers (UAW) and to conclude a nation-wide contract bringing substantial improvements to workers in the automobile industry.

A wave of sit-down strikes swept the country in the wake of the victory in Flint. Between September 1936 and May 1937 nearly 500 thousand workers took part in such strikes. After a number of successful strikes even such huge monopoly conglomerates as Chrysler and General Electric bowed to the workers' demands. In March 1937 the powerful Steel Trust retreated in the face of the threat of a sit-down strike in the steel industry.

All in all the number of strikers in the USA reached 1,860 thousand in 1937, the highest figure in US history with the exception of 1919. In 1938 in the hard conditions of the economic crisis the number of strikers dipped sharply to 688 thousand. Still, this was higher by a long shot than during the economic crisis of 1929-1933. In 1939 when a slight upturn in the economic situation was registered the number of strikers again rose, this time to 1,170 thousand.

The substantial growth in strength and organizational level of the American labor movement on the eve of World War II was also evinced in the precipitous development of industrial unions. As early as 1937, during the rash of sit-down strikes the rolls of the new industrial unions affiliated with the Committee for Industrial Organization reached parity with those of the AFL. This increased worker pressure for the restoration of a united labor movement and against the divisive policies of the AFL leadership. With the support of millions of rank-and-file workers the leaders of the Committee for Industrial Organization made several attempts to come to an agreement with the executive

committee of the AFL and restore the membership rights of the CIO unions within the AFL. Such proposals were, however, categorically rejected by William Green and his group. Consequently, the Committee for Industrial Organization was forced to move toward the formation of a permanent nation-wide center to coordinate the activities of all industrial unions. To this end a national congress of all unions affiliated with the Committee was convened in November 1938 in Pittsburg and proclaimed the establishment of the second nation-wide union federation to be called the Congress of Industrial Organizations (retaining the abbreviation CIO). John L. Lewis was elected the first President of the CIO.

The formation of industrial unions in the key sectors of heavy industry and their confederation within the framework of the CIO represented a major victory for the American proletariat. By the close of the 1930s the CIO, within whose ranks the Communists exerted a powerful influence, became an effective champion of working class interests. By the outbreak of World War II its membership rolls had swollen to include 4 million workers. If we add the AFL rolls and those of a scattering of independent unions the number of American organized labor reached 9 million in 1939. This, needless to say, contributed to making the union movement an important factor in American political life.

The upgraded organizational capacities and increased political weight of the American proletariat paved the way for much more energetic participation by workers' organizations in the democratic movement and in the struggle against fascism and reaction. Many CIO and AFL locals began to play an active role in this mass struggle. The Non-Partisan League, formed in 1936 to contribute to the reelection of Roosevelt, now turned into a permanent organization and expanded its functions, with an emphasis on the promotion of additional social legislation. The American Labor Party, founded in July 1936 as a section of the Non-Partisan League in New York State, played a conspicuous role in the democratic movement.

In the context of this general upsurge in the labor move-

ment other mass organizations defending the interests of the farmers, Blacks, progressive intellectuals and small and middle-class urban bourgeoisie also stepped up their activities. Joining the labor unions in the effort to protect and extend the political rights of the working people were such sundry organizations as the Farmer-Labor Party of Minnesota, the Progressive Party of Wisconsin, EPIC (End Poverty in California), the Farmers' Union, the National Negro Congress and others.

The Communist Party made a major contribution to the development of the democratic movement in the United States. After the 1935 decision to work for a United Front the Party, incorporating in its slogans the urgent needs of the working people, expanded its ties with the unions and other mass organizations, and its numbers and influence grew rapidly. Between 1934 and 1938 the Party membership rose from 25 to 75 thousand.

On the eve of World War II the Communists set as their overriding goal the firm consolidation of all democratic forces and encouragement of a decisive struggle for peace, for the expansion of social legislation and for the bridling of reaction and fascism. These goals determined the policy thrust of the Democratic Front proclaimed in May 1938 at the 10th Convention of the US Communist Party. The Communists believed that not only workers, farmers and the urban middle classes but also a segment of the big bourgeoisie could be involved in the Democratic Front. Consequently, the Party declared its willingness to cooperate with Roosevelt and his circle of liberal elements within the Democratic Party in order to defend the bourgeois democratic regime from attacks from the right on the part of extreme reactionaries. This, of course, did not imply the Communists' abrogation of a fundamental evaluation of the class essence of the New Deal nor a withdrawal of Communist criticism of its shortcomings and limitations nor, lastly, the abandonment of their own program for profound social changes. To the contrary, the Communists regarded the Democratic Front as the initial stage in the struggle to establish a broad anti-monopoly coalition, as an embryonic form of a Nation-

al Front and a transition stage to its higher form as a national farmer-labor party.

The political backwardness of the bulk of the American working class, the predominant reformist illusions further strengthened by the flexible policy of social maneuver adopted by the Roosevelt Administration during the New Deal combined to prevent the Communist Party from achieving its goal of creating a Democratic Front headed by the working class. The progressive coalition which formed about the New Dealers remained highly amorphous and weakly organized. Franklin D. Roosevelt and a coterie of liberal Democrats remained at the head of this coalition and the broad masses of the democratic movement did not succeed in escaping the influence of the liberal bourgeoisie.

Nevertheless, the scope of the labor and democratic movement on the eve of World War II was so massive that the Roosevelt Administration was again compelled to make certain concessions to popular demands. On June 25, 1938 Roosevelt signed into law the Fair Labor Standards Act which prohibited child labor (under 14 years of age), established a minimum wage and a maximum work-week for firms of national importance. Beginning at 25 cents an hour, the minimum wage was to be raised to 40 cents an hour after eight years. Beginning at 44 hours, the work-week limit was to be lowered to 40 hours in three years. The new law went into effect in October 1938.

Under popular pressure the Roosevelt Administration introduced a number of other pieces of social legislation. In June 1938 substantial allocations were made to stimulate business and increase unemployment relief. The total number of those engaged in public works projects, after dropping to 1.5 million in 1937, rose again to 3 million in 1938. With the support of the majority of mass working people's organizations the government made a concerted effort that altered the position of the Supreme Court, forcing it to affirm the constitutionality of the Wagner Act and other New Deal legislation.

In February 1938 a second Agricultural Adjustment Act was passed to meet the plague of low prices and restore soil



fertility. Taking account of the serious discontent prevalent among farmers, the administration included in the new law a number of statutes designed at least partially to defend the interests of the small farmer.

Finally, again taking measure of the anti-monopoly mood of the populace, in April 1938 Roosevelt sent a special message to Congress proposing "a thorough study of the concentration of economic power in American industry". In June, Congress responded by authorizing the Temporary National Economic Committee (TNEC) to investigate American business. To be sure, the recommendations put forth by TNEC were moderate in tone, and came down to a call for restricting some of the abuses by the big corporations. Still, the activities of the TNEC were not entirely in vain, for they wreaked certain political damage upon the monopolies.

The implementation of the foregoing reforms demonstrated that right up until 1939 social problems were a weighty consideration in the New Deal policies. This did not change the class essence of the reforms. As early, their aim was to strengthen the capitalist system and deflect the masses from the revolutionary struggle against capitalism. In this sense Roosevelt was a more reliable champion of the interests of big capital than were the reactionaries who denounced the President for his alleged "betrayal" of the interests of his class.

However, influential groups of monopoly bourgeoisie on the eve of World War II stood in opposition to the New Deal, and above all to further concessions to the populace. They believed the tactic of social maneuver to be a dangerous weapon and so with growing insistence called for a retreat from social experiments and application of a "firm hand" in policy matters.

Some of the more reactionary elements of financial capital continued in the late 1930s to sing their old tune about returning to "rugged individualism". But many influential conservatives of both Democratic and Republican stripe no longer objected in principle to the expansion of the functions of the state. They simply insisted that government interference be directed to openly reactionary goals, that instead of

liberal concessions the government should place under strict control all workers' and farmers' organizations. So even during the period of predominant neo-liberalism rightist bourgeois circles were already affected by neo-conservatism which after World War II became the dominant trend.

The growth of resistance to the New Deal from a large segment of the US monopoly bourgeoisie was revealed in the formation of a reactionary bipartisan bloc in Congress. At the end of the 1930s this bloc managed to interfere with a number of important bills. Such a fate awaited, for example, Roosevelt's project to reform the Supreme Court designed to enlarge the number of judges on the bench. The substance of Roosevelt's proposals, put forth in February 1937, was that the President would receive the right to appoint (with Senate approval) additional members to the court, increasing the number of judges from 9 to 15—if one or another of the men sitting on the bench and reaching the age of 70 did not decide to retire. According to Roosevelt his proposal was aimed at "...bringing into the judicial system a steady and continuing stream of new and younger blood". However, in the summer of 1937 the Roosevelt plan was rejected by Congress. Early in 1938 Democratic senators from the South with the support of reactionary Republicans after a protracted fight in the Senate managed to kill another important bill, approved by the House of Representatives in 1937—one aimed at shifting all cases of lynching from the state to the federal jurisdiction.

Moreover, the resistance offered by monopoly reaction became a key reason for the gradual slowing down and then almost complete halting of social legislation just before the outbreak of World War II. Thus 1938 concluded a stage of social reformism in the USA.

There is yet another important reason explaining the gradual retreat of the Roosevelt Administration from the New Deal policies. This was a sharp aggravation of the international situation which by the end of the 1930s had taken such a turn for the worse that foreign policy considerations began to command prime time in the White House and throughout the country.

## 5. US Foreign Policy. 1933-1939

In the sphere of foreign policy the Roosevelt Administration was also a proponent of a flexible political approach. Needless to say the goals of the ruling circles did not change with the coming to power of a new administration. As before they consisted in strengthening the positions of American imperialism throughout the globe. In the 1930s it was particularly urgent to press in this direction. In point of fact the world economic crisis of 1929-1933 had brought in its wake a relative weakening of the US international standing. The overseas capital investment of the USA which by the close of the 1920s had reached \$16.5 billion, in the middle of the 1930s dropped to approximately \$13 billion. The rapid rise of Germany and Japan as dangerous imperialist rivals threatened America's international political standing.

This required more vigorous measures of the Roosevelt Administration in the sphere of international relations. However, the complex political situation evolving both within and without the USA compelled the most far-seeing public figures to act more cautiously than in the 1920s. This is why as distinct from the Republican administrations of Harding, Coolidge and Hoover the New Dealers were the advocates of a more flexible foreign policy.

The first major foreign policy act of the Roosevelt Administration was to establish diplomatic relations with the Soviet Union. The reversal of the policy of non-recognition was prompted above all by the immense changes which had occurred by the early 1930s in the international position of the USSR. This included the growth of industrial potential, the successful fulfilment of the First Five-Year Plan coinciding with the period of utter economic chaos in the capitalist world, the strengthening of the political and military might of the world's first socialist state, and, consequently, its growing authority in international affairs.

The ambition of US business circles to expand trade with the USSR, a drive which grew in intensity, was an important element in the normalization of relations between the USSR and the USA. This is understandable, for in those

years the Soviet Union was the only country in the world unscathed by the crisis. Quite the opposite, the effort to build socialism brought about an increased demand for machinery and plant equipment. The leaders of many American firms with good reason hoped that recognition of the USSR would secure major deals for them. This is why by June 1933 the US Chamber of Commerce came out in favor of the immediate restoration of diplomatic relations with the Soviet Union.

The working class and democratic movement in favor of the immediate recognition of the USSR was another important element in the foreign-policy considerations of the Roosevelt Administration. In the early 1930s this movement was of very wide scope. Many American workers and farmers inevitably compared the situation of the USA where the economic crisis had led to unprecedented and widespread destitution and that of the USSR which was confidently advancing along the path of socialist development. This did much to increase the good-will of American working people toward the Soviet Union.

But the overriding reason for the move by US ruling circles to normalize Soviet-American relations was to be found in strategic calculations. In a climate of acute imperialist contradictions, when fascist Germany and imperialist Japan became dangerous rivals and competitors, the guiding hands of American foreign policy hoped to use the Soviet Union as a possible counterweight to the growing might of Germany and Japan. This means the drive to normalize Soviet-American relations in the specific situation of the 1930s was an integral element of the imperialist "balance of power" policy adopted by the USA to consolidate its international position.

All of these considerations underlay Roosevelt's decision to offer the Soviet government to establish normal diplomatic relations between the USSR and USA. The Soviet government regarded the normalization of relations between the two great powers as a step in strengthening peace. Therefore it accepted the offer of the American government, and on November 16, 1933 diplomatic relations between the



USSR and USA were established. The policy of isolating the USSR as pursued by US reactionary circles for many years thus ended in a complete failure.

The establishment of Soviet-American relations was an event of major historic significance. From this time on the two powerful states could participate jointly in settling urgent international problems and work together to preserve peace.

The tradition of amicable Russian-American relations, interrupted during the period of intervention of 1918-1922, was now on the way to restoration. Soon this tradition was given a further boost during the years of common struggle against fascism. Particular note must be made of the role of President Roosevelt who took a sober view of the Soviet Union as an important factor of peace and international security.

Greater flexibility also marked the approach of the Roosevelt Administration to Latin American foreign policy. Again this was connected with the emerging situation in that part of the globe. With the onset of the economic crisis American business in Central and South America suffered severe setbacks. The difficult position in which the USA found itself was not lost upon Great Britain, its main rival in the Western Hemisphere. Britain went on a counteroffensive in Latin America and made significant inroads at the expense of its overseas partner. At the same time Nazi Germany began to penetrate in the economies of a number of South American countries. The Roosevelt Administration was no sooner in power than it had to produce a number of rush measures to shore up the US economic and political positions in Latin America.

However, the Democratic Administration was no longer in a position to resort to the traditional American "big stick" policy. During the 1929-1933 economic crisis a powerful national liberation movement emerged in Central and South America. The peoples of these countries fought resolutely for liberation from US imperialist oppression and to overthrow the corrupt reactionary regimes hanging on by the force of American arms.

At this juncture the US ruling circles were forced to change the forms and methods of expansionism in Latin America. As early as March 1933 in his inaugural speech Roosevelt proclaimed the beginning of a "good-neighbor" policy. In December of the same year US Secretary of State Cordell Hull announced at the Pan-American Conference in Montevideo that from that time on "...no government need fear any intervention on the part of the United States under the Roosevelt Administration".

The solemn proclamations by the leading US political figures of non-interference in the internal affairs of the Latin American states, and of the "solidarity" of all countries in the Western Hemisphere were given credence by some actual concessions. In 1934 the Roosevelt Administration withdrew American troops from Haiti after a 20-year presence there. In a new treaty with Cuba the humiliating Platt Amendment was eliminated. This clause had for 30 years been used to justify US intervention in the affairs of this country. In 1936 the American Administration gave up similar "rights" in Panama. New trade agreements containing more favorable terms for Central and South American countries were now concluded with many states in the region.

The promulgation of the Good Neighbor policy and the abandonment of the cruder and more blatant forms of imperialist expansion somewhat reduced the anti-American sentiment among the peoples of Latin America. On the other hand, the new, more flexible methods of economic penetration became an effective leverage the US monopolies employed in their struggle against the British and German rivals. As a result, by the outbreak of World War II the US had not only restored its economic standing in the countries of the Western Hemisphere but actually made substantial gains. The total volume of US capital investment in Canada and Latin America reached \$7.7 billion by 1940, a gain of roughly 30 percent from 1929.

Roosevelt's Latin American policy gained the support of all major financial groups in the USA. Matters were much more complicated *vis à vis* the US stance towards the un-

folding events in Western Europe and the Far East in the 1930s. The rapid accretion of the economic and military potential of nazi Germany and militarist Japan, the creation of a military and political bloc (the Axis) of the three most aggressive imperialist powers, Germany, Japan and Italy, and their preparations for a war to redivide the world combined to bring about an abrupt change in the balance of forces in the world capitalist system and forced the US ruling circles to search for the most effective means to strengthen the standing of American imperialism. However, the hammering out of basic foreign policy principles on the eve of World War II revealed acute contradictions among the monopoly elite.

The adherents of one segment of the ruling elite argued that the formation of the Axis and the evident ambition of the fascist powers to win world dominance represented a serious threat for the USA and that conflict with the Axis was inevitable. Such an evaluation pointed to the necessity of rapprochement with the West European bourgeois states and primarily with Britain. In order to create a counterweight to the fascist bloc the proponents of this "anti-isolationist" or as they termed it "internationalist" foreign policy were prepared to normalize Soviet-American relations. This was the approach pursued in the second half of the decade by President Roosevelt and his cabinet.

But there was another influential current, reflecting the viewpoint of the reactionary elements of the financial oligarchy. Proponents of this viewpoint argued that the best means of ensuring the international standing of American imperialism was to retain a "free hand" for the USA and reject all military and political alliances with the European countries. Rallying under the banner of "non-interference" in European affairs, the isolationist leaders assumed that the conflict brewing between the two imperialist coalitions in Europe and Asia would weaken both sides and leave the USA free to join the fray at the convenient moment when it could dictate its own terms. The group of most reactionary isolationists, reflecting the interests of industrial and financial circles directly connected with German and Japa-

nese monopolies, insisted on an agreement with the Axis powers to divide the world anew at the expense of the Soviet Union, China and the colonial possessions of Britain and France. The political exponents of various isolationist groups were senators Robert Taft and Arthur Vandenberg, Congressman Hamilton Fish, General Leonard Wood, the former aviator Charles Lindbergh and others.

However, the weight and influence of isolationist tendencies among the US ruling circles is to be explained not so much by the political authority of the argument as such as by the support gained by the slogan of "non-interference" in European affairs among traditional isolationist groups, expressing the views of the farmers and the urban middle classes. In this group we find such prominent political figures as senators Borah, Johnson, Nye, Robert La Follette, Lundeen and others. Relying on the anti-war sentiment of the American people, the traditional isolationists called for neutrality in the oncoming conflict between the two imperialist coalitions and for a strict hands-off policy, declining aid to both the bourgeois-democratic and the fascist blocs. The position of the isolationist groups was further strengthened by the findings of the Nye Committee in the Senate, which carried out an investigation of the role of the major monopolies in unleashing the First World War.

The traditional isolationists who took an anti-war and at times anti-imperialist stance differed fundamentally from reactionary imperialist politicians of the ilk of Robert Taft and Arthur Vandenberg who merely employed isolationist phraseology to draw public opinion to their cause. But both groups of isolationists zealously defended the catchphrase of US "neutrality" which objectively came to encourage fascist aggression. Independently of the subjective motivations of the proponents of isolationism their actions in fact exerted a reactionary influence.

The impact of the isolationist tendency in the 1930s turned out to be so strong that the Roosevelt Administration which for the time being was not persistent in its pursuit of an "internationalist" policy, was forced more than once to compromise with or even capitulate to the isolationists.



In August 1935 at the insistence of the latter the Neutrality Act was signed into law by the President. The law banned supplies of arms or munitions to any of the belligerents in the event of war, making no distinction between aggressor and victim. This law was a serious blow to the countries that fell victim to aggression in the latter half of the decade. Ethiopia, Spain and China were denied the opportunity of procuring from the USA the weaponry so urgently needed to fight off the fascist wave of aggression. The Axis countries, having secured their own war industry, had no particular need of procuring American arms. They were much more interested in purchasing strategic materials such as oil, cotton, aviation engines and scrap-metal. Since the Neutrality Act did not prohibit the sales of such goods, Germany, Italy and Japan could freely purchase them from the USA whenever necessary. In brief, neutrality in fact played into the hands of fascist aggression.

The foreign policy of the USA underwent virtually no changes through the late 1930s as World War II approached. To be sure, as the contradictions between the USA and the fascist bloc grew more acute and as Nazi Germany and imperialist Japan expanded the scope of their aggression, Roosevelt and other far-sighted American politicians on several occasions took a more resolute position. In addition, they could not ignore the strength of the anti-fascist movement inside the country or the numerous demonstrations in which American working people expressed solidarity with the peoples of Europe and Asia fighting fascism.

In these circumstances Roosevelt made a number of public statements denouncing the aggressive actions of the fascist bloc. The most important of these was his speech in Chicago on October 5, 1937, in which the American President called for joint action by the peaceful nations in an effort to establish a "quarantine" of the aggressive powers. Military preparations were stepped up in the United States. Finally, in January 1939 Roosevelt sent a message to Congress requesting it to reconsider the Neutrality Act.

However, in practical terms US foreign policy on the eve of World War II was in direct contradiction with the prin-

ciples enumerated in the "quarantine speech". Rejecting proposals to establish an effective system of collective security as suggested by the Soviet Union on several occasions, the USA, France and Great Britain maintained a policy of "non-interference" and "appeasement" of Germany, Italy and Japan, which in reality only gave a free hand to fascist aggression. Proof of this is offered by the stamp of approval which US ruling circles gave to the shameful Munich Agreement of 1938.

The policy of neutrality was to a large extent the outcome of the powerful domestic isolationist impulse. This is why as late as June 1939 Congress refused to accept President Roosevelt's proposal to reconsider the Neutrality Act and instead retained all of its provisions. Still, the Roosevelt Administration itself did not take a sufficiently firm stand in its effort to win a reconsideration of the policy of neutrality. The anti-isolationist community of the US bourgeoisie centered around Roosevelt were by no means above rechannelling the fascist aggression in the direction of the Soviet Union during these immediate prewar years. This is why, despite a number of firm public statements by Roosevelt, the US government maintained a policy of appeasing the fascist aggressors. The world paid dearly for this myopic policy in the ensuing years of war.

## Chapter V

### THE USA DURING WORLD WAR II (1939-1945)

#### 1. On the Road to Pearl Harbor

World War II like World War I began far from the United States, but this time the country joined the fray much earlier than had been the case under Woodrow Wilson. The very first proclamation made by Franklin Roosevelt after Britain and France declared war on September 3, 1939, differed substantially from the White House statement in a similar situation a quarter century before. Roosevelt repeated Wilson in promising that the USA would remain a neutral country but, as distinct from the 28th President, he did not ask "that every American remain neutral in thought".

In no time at all events demonstrated that Americans would not remain neutral either in thought or in deed. Very weighty considerations interfered with such a stance when the ongoing events in Europe were brought under evaluation. The events leading to World War II differed substantially from those preceding World War I. The domestic situation in the USA differed as well.

Fascism was leading to destruction of nations and states and to destruction of civilization. Undermining the popular faith in the foundations of the bourgeois society, fascism, though viewed as a means of salvation and strengthening capitalism during the critical 1930s, posed a multitude of complex problems before the US bourgeoisie. The US ruling circles for the first time in history felt their responsibility for the destiny of world capitalism which fascism was beginning to render highly undesirable services.

This new notion of responsibility for the fate of the capitalist world served as the prime motive force behind the deliberations and actions of US ruling circles during this complex period for the country and indeed for the entire world—from September 1, 1939, until Japan's raid on Pearl Harbor on December 7, 1941. The notion was certainly not universally shared by the American bourgeoisie. Some took an extremely narrow view, confining their sense of responsibility to the limits of their business activity, agreeing to decisive interference in Asia but not in Europe, or vice versa. Others were diametrically opposed to all interference, appealing to America to tend to its internal affairs and leave Europe to settle its own problems. There were also those who considered the war a true blessing—at last the US economic engine, which had been sputtering ever since 1929, would now be stimulated to work with its prior efficiency.

The population was divided over the war as well. In the 1930s a substantial majority of the American people were unambiguous in their condemnation of fascism and in their sympathy for the democratic forces of Europe and the rest of the world. But it was something else to get involved in a war.

The war in Europe broke out at the height of the old argument between the isolationists and so-called internationalists, and pushed it to new dimensions of acrimony. Each camp represented a contradictory amalgam of social forces. Among the internationalists we can point to: Franklin D. Roosevelt and his official circle; broad segments of the financial, trade and industrial bourgeoisie affiliated with Anglo-French monopolies and ruling circles; anti-fascist workers, farmers, intellectuals and members of the bourgeoisie. There was not necessarily a direct connection between the internationalists and a specific grouping of monopolies, but it can be stated with assurance that Wall Street was as a whole adamantly internationalist.

The isolationists of 1939-1941 were just as complex in make-up. In the forefront were reactionaries and pro-fascists who were not against isolating the USA from the rest of the world and in so doing allowing the fascists to



establish a "new order" in Europe and Asia. Isolationism swept through influential business circles devoid of any conspicuous interest in world problems and more concerned with settling what they considered to be more urgent domestic problems. Such a posture was convenient because their vital interests were centered more about the Great Lakes than in the Mediterranean or the English Channel. Finally, isolationism was given additional impetus by widespread popular support, particularly in the states remote from both the Atlantic and Pacific centers of finance and industry. The psychology of anti-war sentiment, which the active isolationists bent to their own uses, rested on three basic pillars—traditional pacifism, the unwillingness to go "over there" and take up the burdens of a distant war, and a suspicion of all forms of interventionism which, as the Nye Committee had shown, had the support of war-profiteering monopolies.

Isolationism and internationalism should not be treated as polar opposites, for they often put forward the same slogans. There was a good deal of intermingling between the two camps, and one person might support both, or switch from one to the other. Each had its imperialist reactionaries: frantic expansionists among the internationalists interpreted the notion of American responsibility as that of establishing US dominance over the world, while the isolationists had their pro-fascists who also dreamed of US world dominance but only with a preliminary mopping-up of all democratic and socialist forces in the world with the help of the Axis.

Each was also a refuge for progressive forces. Active anti-fascists stood up for internationalism and were prepared for immediate political and military intervention, while among the isolationists one could find many who were against the monopolies and argued for the nationalization of all the war industries.

The isolationists and internationalists were also brought together by an unquestioning acceptance of the Monroe Doctrine and, consequently, by active opposition to all possible interference (which could only be German or Japa-

nese at the time) in the affairs of Latin America. Practically no dispute was provoked in the United States by the Proclamation of the Panama Declaration of October 30, 1939 which pushed the territorial waters of Latin America far from its coastline in the West Atlantic. Besides, many of the isolationists were prepared to support the internationalist position *vis à vis* the Far East, that is to say, take up an anti-Japanese posture. Finally, the leaders of both camps resorted to cheap demagoguery as an inseparable element of their political approach. The internationalists declared that they were primarily motivated by moral sentiments of an anti-fascist nature, and the isolationists by the desire to prevent "American boys" from fighting in yet another European war for alien interests.

And yet, the differences between the internationalists and the isolationists were substantial. From the point of view of the US ruling circles, the argument centered on the choice of ways for the USA to participate in the settlement of world problems and to establish the global dominance of American imperialism. For the population as a whole the worldwide threat of fascist overlordship loomed larger and larger and the USA was by no means absolved of the danger. In the course of these anguished 27 months and 7 days both strata gradually became convinced that isolation only exacerbated the situation.

The overriding task of the internationalist Roosevelt Administration was to win the repeal of the Neutrality Act.

By removing the embargo on weapons shipments and introducing the "cash and carry" principle, Congress in effect tipped the scales in favor of Britain and France, by virtue of the huge navy at their disposal, and against Germany. However, this also served the interests of Japan, which, though not directly engaged in war, had long been conducting military operations in China and was in the process of deciding which direction to take next—either to the north, against the USSR, or to the south, against the sphere of influence of Britain, France, the USA and Holland.

Next, legislation began to shift markedly to the detriment of Germany, Japan and Italy. But first, important

events took place in Europe. During the period of the phoney war many internationalists and isolationists were united in their condemnation of the Soviet Union which until March 1940 was engaged in a war with Finland. Taking advantage of this unanimity, Roosevelt, without going further than calling for a "moral embargo" on trade with the Soviet Union, made a new diplomatic effort in February and March of 1940 by sending Assistant Secretary of State Sumner Welles on a mission to Europe. The absence of Moscow in his itinerary was calculated to placate the anti-Soviet circles. But most important, Roosevelt wanted to use the Welles mission to Britain, France, Germany and Italy to show despite the accusations of the isolationists that he was not leading his country into war. This was well-timed, for in April and May 1940 the war of radio rhetoric in Europe turned into a deadly conflict on the field.

As spring 1940 drew to a close the Americans showed a growing awareness that decisive measures were necessary against the fascist aggressors. Britain and France were invariably referred to as "allies", and this was not simply a return to the vocabulary of 1917-1918. The Committee to Defend America by Aiding the Allies, headed by the well-known journalist William A. White at that very time, carried on an active propaganda campaign in favor of Britain and France. Internationalism began to take on concrete forms. For the first time in 20 years Congress and the President seriously took up the problem of armament. The USA not only produced weaponry, it shipped more than 50 percent of its output to Britain. Soon, however, the "cash and carry" principle ran into deep water. The British had the carriers but not the cash. At the insistence of Roosevelt and the internationalists on March 11, 1941 Congress adopted the Lend-Lease Act, allowing the granting in "loan and lease" of weapons and war supplies to those countries whose efforts were important for strengthening America's defenses. A fortnight later Congress allocated, at Roosevelt's request, \$ 7 billion to this end.

Shifting the economy to a war footing the government did not overlook other pertinent measures. In January 1941,

it sent two missions to Britain (under Harry Hopkins and Wendell Willkie). In addition, Roosevelt began to take actions of a strategic military type. In July 1940 the Act of Havana was proclaimed at US initiative. It reaffirmed the neutrality of the Latin American states and stipulated that in the event of the defeat of one of the European countries (that is, Britain or France), its possessions would not fall into the hands of the victor, that is the Axis powers. On September 2, 1940 Roosevelt concluded, over the frantic opposition of the isolationists, the first formal governmental agreement with Britain for the transfer of 50 old destroyers in exchange for 99-year leases of eight British bases between Newfoundland and British Guiana.

Because of the continuing success of the Axis, in 1941 Roosevelt took a number of measures of a semi-military nature in the Atlantic. In April of that year US troops were sent to Greenland and in July to Iceland. The latter event was connected with Germany's attack against the Soviet Union in June 1941. Foreseeing the need for major shipments to its future allies the US government wanted to ward off German navy penetration into the Atlantic. It received permission from Congress for American merchant ships to travel well-armed and with navy escort. This initiative suited all trends among the internationalists, for expansionists saw in it a means of achieving American superiority in the Atlantic while the bulk of anti-fascists regarded it as an effective way to help Britain, France, and then the USSR.

The isolationists led by the Republican leaders Vandenberg, Hoover and Taft were reluctant to concede ground. In the summer and autumn of 1940 they set to work organizing the America First Committee and placed the well-off Chicago businessman General Robert E. Wood at its head. The Committee had the unconditional support of the Hearst chain and of the reactionary press in general. Its most prominent orators were Colonel Charles Lindberg, General H. Johnson and Senators G. Nye and B. Wheeler. America First exerted a strong influence on the Republican elite.

The struggle between the isolationists and the internationalists took center stage during the 1940 presidential



campaign. The Republican convention was a convincing defeat for the isolationists. The isolationist presidential aspirants Taft and Vandenberg were upstaged by the little-known corporate lawyer Wendell Willkie, a moderate conservative in domestic affairs and an internationalist in foreign policy. Roosevelt must be given his share of credit for an adroit political manoeuvre: just before the convention he sowed dissension in Republican ranks by convincing two of their popular leaders, Frank Knox and Henry L. Stimson, to accept key military posts in his cabinet, the first as Secretary of War and the second as Secretary of the Navy.

The nomination of FDR for a third term as President, in violation of an unwritten law limiting tenure to two full terms, was in itself a symptom of the collapse of the isolationist position.

When on May 27, 1941, the President declared an unlimited State of Emergency in the country, the writing on the wall was clear. With the invasion of the Soviet Union on June 22, 1941, the situation was even clearer. Anti-fascists understood that they had gained a priceless ally. Expansionists also favorably regarded the entrance of the USSR into the war, for without the armed might of the latter the ultimate victory over Germany was indeed highly problematic. Even the bulk of the isolationists looked without enthusiasm at a prospect of Germany gaining strength at the expense of the USSR. Thus, despite the fundamental hostility to the social system existing in the USSR, the majority of the US ruling elite was in support of some form of aid to the Russians. This was mirrored in an official statement by the US government on June 24, 1941 promising to extend Lend-Lease aid to the Soviet Union. At first, this remained in the realm of intent, although the moral and political impact of the promise should not be underestimated. After Harry Hopkins' June mission to Moscow, where he conducted frank discussions with J. V. Stalin, V. M. Molotov and other Soviet government and military leaders, the US gradually began to carry out its promise. Hopkins, despite the prevalent opinion in official circles that the USSR would soon collapse, assured the President that the Russians

would put up a hard stubborn fight. The Moscow Conference (the USA, Britain and the USSR) held at the end of September 1941 represented the next step in extending aid to the USSR. On November 7, 1941, Roosevelt formally extended Lend-Lease to the Soviet Union and deliveries reached the value of \$ 545 thousand by the end of the year.

In this way, between September 1939 and December 1941 the USA evolved from neutrality to alliance with Britain and the USSR, although it had not yet taken up arms.

The soil was eroding rapidly under the isolationists. By December 1941 their only remaining foothold was in popular reluctance to make the first belligerent move. According to a public opinion poll taken a month before Pearl Harbor, only 20 percent of those questioned came out in favor of declaring war on Germany. On the basis of this the isolationists tried to evolve an anti-Roosevelt policy until the events of December 7 struck. They continued to accuse the President of drawing the country into the conflict in Europe. At the same time negotiations with Japan were under way. Points of the US-Japanese dispute occupied the brunt of the country's attention, for relations with Germany were by now virtually nonexistent. At the close of November the American-Japanese talks reached a dead end.

On December 7, 1941, the USA was drawn into the war in the Pacific with the bombing of Pearl Harbor.

## 2. US War Aims and Effort

The war aims of the USA were determined by an entire spectrum of considerations dictated by the complexity of the war itself, the contradicting interests of the various classes and groups in American society, the conduct of military operations in coalition with other powers, with the decisive role played by the socialist Soviet Union, whose political recognition not all elements of the ruling elite had yet enough time to digest.

The USA had a substantial advantage over Britain, France and the USSR in that it had more time to work out and

proclaim its war aims over the more than 27 months between the outbreak of hostilities in Europe and the bombing of Pearl Harbor. However, the USA did not work out a clear set of goals until the summer of 1941 for a number of reasons. First of all, until the Soviet Union was drawn into the war even Britain and France, both already belligerents, had not articulated their political goals in the war, which is an indication of the kind of stance the ruling circles in the bourgeois democratic countries adopted during the immediate prewar and early war years. Second, the Roosevelt administration, strictly speaking, could not formulate war aims, since officially it was a proponent of US non-intervention in the world conflict.

Still the United States was dragged by the course of events into discussing war aims while still a non-belligerent. During the period of "national defense", as the period between late spring 1940 and December 7, 1941 was called, two clear attempts in this direction were made at the governmental level: on January 6 and August 14, 1941. On the first date Roosevelt declared the "Four Freedoms", the freedom of speech and expression, freedom of worship, freedom from want, and freedom from fear, as the aims of a war in which the US would give aid to the Axis opponents. But no popular political slogans could be derived from this assortment.

The Soviet Union was the first to work out and proclaim a precise and clear set of war aims for the struggle against fascism. A week after the invasion of the USSR the Central Committee of the Communist Party appealed to the people to mobilize all manpower and resources to crush the enemy. The party defined the war against Germany and its allies as an anti-fascist struggle and a just struggle for liberation. It declared that the war would decide the destiny of all the European nations and that the Soviet people must not only defend their own country but also liberate the enslaved nations from the yoke of fascism. The party and the Soviet government emphasized that the liberated peoples of Europe would be given the right to decide upon the future internal political and social structure of their countries

without any external pressure. The basic tenets of this program were announced by Stalin over radio on July 3, 1941. The heroic struggle of the Soviet people against the Nazi invaders gave the anti-fascist forces in other countries new hope and confidence. Now the Soviet Union was increasingly regarded as the sole country capable of smashing fascism. The goals stated by the Soviet government won support throughout the globe. This forced the governments of the USA and Britain to speed up the formulation of their own programs. They sought to prove to the world that it was Britain and the USA rather than the USSR which stood in the forefront of the struggle against fascism. In the ensuing events, with the prestige of the Soviet Union sharply increasing, the USA and Britain were compelled to include in their programs a number of democratic and anti-fascist statements.

The Atlantic Charter signed by Roosevelt and Churchill on August 14, 1941, proclaimed the "general principles" guiding Britain and the USA in the struggle against fascist aggression. The Charter stated that neither Britain nor the USA had territorial ambitions nor would they seek territorial changes without the agreement of the people concerned. Roosevelt and Churchill declared that their countries would work for the total annihilation of fascist tyranny and for a world order in which each nation would have the right to choose its own form of government, live in peace and be free of fear, need and aggression. The Charter promised to establish economic cooperation among all countries after the war and to free all peoples from the burden of the arms race. The Soviet government, which almost a month and a half previously had proclaimed a precise and comprehensive program for the struggle against fascism, shared the democratic aspirations voiced in the Atlantic Charter and on September 24, 1941, gave its official consent to them.

Still it was clear from the Atlantic Charter that its formulators were representatives of imperialist states between whom there were fundamental differences. This was evident in points 4 and 7 of the final text, which provided for free



access to the world's natural resources and freedom of the seas, which in effect represented a US offensive against British global positions.

The imperialist expansionist drive of the American internationalists, to which the reactionary isolationists soon lent their support, bore a far-reaching ambition of global domination by the USA. Here the expansionist leaders argued that they were fighting for the triumph of the ideas of democracy and anti-fascism throughout the world.

Therefore, there was both illusion and reality behind the common goals shared by all Americans and all allies. The illusion stemmed from the fact that the imperialist expansionist strivings had nothing in common with the effort to liquidate the social roots of fascist aggression and to free the world from imperialist aggression. But the reality was both national and international, for destruction of the fascist military might and liquidation of the Axis alone with democratization of the political regimes of the aggressor states were goals acceptable to all. The degree of this unity was perhaps exaggerated during the war years by some anti-fascist trends, but this was inevitable. On the other hand, it was deliberately understated in the postwar period by reactionary American historians, who saw nothing objective or rational in the joint efforts of the USA and the USSR during World War II.

The war aims were given additional confirmation and made more precise at the several conferences of the three Great Powers. The uniting principle underlying the conduct of the war consisted of two theses worked out early in the war by the Allies. The first was that the war must be waged with all available resources, and the second that it must be fought until the final victory and no separate treaties would be signed.

US foreign policy actions during World War II may be placed in four main groups: American-Soviet-British conferences; the numerous Anglo-American talks; the less frequent but highly important American-Soviet meetings, and finally, participation in broad forums bringing together all the Allied nations.

The first, Big Three diplomacy, was the fount of all international relations in the war period. The high points, in chronological order, were the Moscow Conference in September 1941 (Ambassador Averell W. Harriman represented the USA); the Moscow Conference of Foreign Ministers held in October 1943 (Secretary of State Cordell Hull represented the USA); the Teheran Conference of November and December 1943 (Roosevelt headed the delegation); the Dumbarton-Oaks Conference of August and September 1944 which worked on the UN Charter (Assistant Secretary of State Edward R. Stettinius led the delegation); the Yalta Conference of February 1945 (Franklin D. Roosevelt); and the Potsdam Conference of July and August 1945 (President Truman).

The second group of activities represented the most intensive bilateral relations the USA had in the 1939-1945 period, both before Pearl Harbor and after it. The history of these relations included several journeys by Churchill to the USA, meetings of both government leaders in a third country (Newfoundland, Casablanca, twice in Quebec, Cairo), talks between the Ministers of Foreign Affairs and close contacts between the military staffs.

The high points of the third type were the two missions to Moscow by Harry Hopkins (in the summer of 1941 and in May-June 1945) and the Soviet-American Agreement of June 11, 1942, "on the principles applying to mutual aid in the prosecution of the war against aggression". On June 12, 1942, a Soviet-American communique was published following V. M. Molotov's visit to the USA. The communique stated in part: "...Full understanding was reached with regard to the urgent tasks of creating a second front in Europe in 1942." Soon it became clear that the two Allies understood the tasks quite differently. The US refusal to create in good time a second front in Europe more than anything else cast a shadow on the generally highly amicable American-Soviet relations of those years. The USA was beset with a bitter dispute over the question of a second front. Democratic organizations and certain high-placed politicians called for immediate action. We must not, however,

overstate the amount of public pressure in this direction. As a whole, the people believed blindly in the strategic wisdom of the Supreme Commander who was in a better angle to determine the timing and thrust of military operations. Imperialist considerations underlay the postponement of the invasion of France until June 1944, when the military significance of the operation code-named Overlord began to come under serious doubt.

The fourth type of foreign policy activity amounted to the formation of the most extensive possible bloc of states capable of actually or nominally taking part in the war against fascism, with an eye toward creating a future international organization presided over by the USA. This was the leitmotif of US activity in all the measures leading to the creation of the United Nations—from the Declaration of the 26 United Nations proclaimed on January 1, 1942, in Washington to the United Nations Conference on International Organization held in San Francisco between April and June 1945 at which 48 countries were represented.

The USA made two major contributions to the war: in the shipment of weapons and materiel to the Allies and in military operations carried out by its own armed forces. The first may be fairly precisely measured: shipments amounted to \$50.2 billion or less than one-eighth of all American expenditures on World War II (\$425 billion). Roughly 70 percent of Lend-Lease Aid went to Britain and 22 percent to the Soviet Union. Although Lend-Lease was unquestionably a substantial contribution, it was of secondary significance not only in the British war effort (not to mention the Soviet) but also in the overall contribution of the USA itself to the victory in World War II. The main form of American participation in the fight against the fascist bloc came in direct military operations by its armed forces. In the summer of 1939 the USA had only 9 marine divisions and 22 thousand soldiers and officers supported by 2,400 airplanes. The Navy, boasting of 300 combat ships, was somewhat better off.

With the US entry into the war the expansion of its armed forces, begun in the spring of 1940, proceeded at a

rapid pace. At the height of the war the US Armed Forces were 15 million strong, with 2.4 million in the Air Force and 3.4 million in the Navy. During the war the USA produced roughly 300 thousand airplanes, 86 thousand tanks, 2.7 million artillery pieces and machine guns, 65 thousand landing craft, 5.4 thousand merchant ships and 6.5 thousand naval craft. To back up the powerful Air Force and Navy the USA put into the field 89 army divisions.

In one way or another the USA took part in military operations against all the countries of the fascist bloc with the exception of Finland, with whom relations were broken off but war never declared.

Initially, the USA entered the war in the Pacific. Here American troops under the command of General Douglas MacArthur and Admiral Chester Nimitz undertook the brunt of the fighting until the very end of the war. In the land war in Asia American participation was only of secondary importance. It is common knowledge that the central events of World War II took place in Europe. US military doctrine placed primary emphasis on the European theatre of war long before Pearl Harbor. This was reaffirmed after the Japanese attack as well. Still the Americans remained essentially on the periphery of events, both geographically and in the actual fighting, until the summer of 1944. The outcome of the Second World War was decided on the Soviet-German front where the opponent regarded by the USA throughout the war as Enemy No. 1 concentrated and lost the bulk of his forces. The USA carried out military operations in North Africa and Italy from November 1942 up to the spring of 1945, but these operations could not be compared with the sweep of the battles taking place on the Soviet-German front. This was well understood by the political and military leaders of the USA at the time. On February 23, 1943, Stalin received a message from Roosevelt saying:

"On behalf of the people of the United States I want to express to the Red Army on its twenty-fifth anniversary our profound admiration for its magnificent achievements unsurpassed in all history.... At the same time I also wish



to pay tribute to the Russian people from whom the Red Army springs and upon whom it is dependent for its men, women and supplies. They, too, are giving their full efforts to the war and are making the supreme sacrifice. The Red Army and the Russian people have surely started the Hitler forces on the road to ultimate defeat and have earned the lasting admiration of the people of the United States."

During the years of joint struggle against fascism the friendship of the American and Soviet people received a significant boost. The historic import of the restoration of diplomatic relations between the USSR and USA became evident in full measure. Among broad segments of the American population a new interest was evinced in the Soviet Union and a tremendous respect was felt for their Soviet comrades-in-arms. Soviet people also held the American people and their President in high esteem. The death of Franklin D. Roosevelt was met with deep sorrow in the USSR.

The USA carried out first sporadic and then constant air raids against Germany. The Americans made a full-blooded contribution to the defeat of Enemy No. 1 between June 1944 and May 1945. Success was not always their lot—consider the foul-up in the Ardennes in December 1944. Still the troops under the command of Dwight D. Eisenhower showed that they were capable of winning major battles over the German Army as well. To be sure, this all took place at a stage in the war when its outcome had already been decided by the defeat of the main German forces on the Eastern front.

Between 1941 and 1945 the United States suffered casualties of 405 thousand dead in action and from wounds.

### 3. The War Economy

When war broke out in Europe the American economy was in the same sad state it had been in since 1929. Even such masterful politicians as F.D.R. and his "brain trust" could not put the economy in gear again. According to of-

ficial data the number of unemployed in the USA in 1939 was 9.5 million, while according to the estimations of union research centers the figure stood at more than 10 million right up until 1941.

Initially, despite all efforts of government agencies, the shift to war production defied the promising conjuncture of circumstances and proceeded slowly. The President and his advisers tried to appeal to the patriotism of businessmen, Congress endorsed lucrative military allocations, but business seemed to evince little enthusiasm. More than that, it declared a genuine "Italian strike".

The White House and Congress, always highly responsive to the mood of the business world, promptly detected the reasons for this reluctant behavior. Business, having come upon slightly better times, feared that the moment would be all too brief and wanted to make the most of it while it lasted. Employers were in no frame of mind to invest in new plant and equipment, for they feared that after the war it would simply impose that much greater a burden of accumulated idle or dead capital. But something else bothered them even more. After passing through the bitter crisis period, businessmen with the onset of the New Deal began to show an inclination to look into the future, but still they wanted to live for the present and reap not only the maximum but also the quickest possible profit. Government for its part did not immediately show a complete readiness to compromise with business on this crucial question. By autumn matters were set straight. In June 1940 the Reconstruction Finance Corporation received permission from Congress to underwrite the construction of new factories which were then rented on the most favorable terms to private enterprisers. Seventy-two percent of all new capital investment during the war years in industry and transport was made at the expense of the government. The share of government investment was highest in the most modern sectors and in those most crucial for the war effort. Whole branches of industry (nuclear energy, aluminum, synthetic rubber) were funded entirely by government resources.

In October 1940, Congress lifted the main restriction on

the expansion of private capital investment in war industry by adopting a law on increased depreciation rate of capital. Instead of the previous 20-year period, now the five-year period was regarded as the length of service of equipment. In other words business was guaranteed beforehand a 400 percent increase in profit for it had the right to deduct this huge increase as depreciation expenses from its tax-deductible income.

This had a rapid effect on the business community. Patriotism surged through this world already before the bombing of Pearl Harbor. Millionaires flocked to Washington, where they offered their services at the symbolic salary of one dollar per annum (it is illegal to work gratis for the government in the USA). These "patriots by convenience" formed the manpower core of an immense network of government war regulatory agencies set up by the President. The agencies had control over prices, wages, rents, the allocation of labor power resources, and contracts, the settlement of labor disputes—in short, they gathered into their grasp the country's economic levers. The Office of Economic Stabilization stood at the top of this administrative pyramid. The Office, established in October 1942, was superseded by the Office of War Mobilization, created on May 27, 1943, as the supreme government regulatory body. James F. Byrnes, a conservative politician, a former senator and member of the Supreme Court, was placed in charge of the first, and then the second office. He became a true economic dictator and soon became second only to the President in the government. During the war the press called him the "Assistant President", which, of course, did not fit well with the Constitution.

The war regulatory offices were business' true government. The corporations snatched up the lucrative task of distributing war order contracts, which played an enormous role in the country's economy at the time. During the first six months of 1942 the war officers issued contracts to the value of \$100 billion, a figure exceeding the US production for any previous year. To this should be added the value of \$20 billion in previously issued contracts. This

caused a strain in the economy and required the mobilization of all resources and manpower. But the politics involved in the distribution of contracts were by no means conducive to such a full mobilization, for the dollar-a-year men were interested primarily in cornering the contracts for the big corporations, even if the latter were incapable of fulfilling them in time. Between June 1940 and September 1944 contracts to the value of \$175 billion were signed with 18,539 corporations. But 67 percent of the orders (accounting for \$117 billion) fell into the hands of 100 major corporations. At the peak of the wartime boom these firms had 75 percent of all contracts. The list was headed by General Motors with \$14 billion's worth of contracts (roughly 8 percent). The other side of the coin was that many medium-size and small corporations sat idle. The national interest in the conduct of the war was thus sacrificed to the interests of the big monopolies. The war intensified concentration and centralization of the economy. The bulk of small and medium-size companies either ceased functioning or were subordinated even more tightly to the major corporations which successfully used the practice of farming out sub-contracts to bring all rivals under their control. According to official data the proportion of the 100 leading corporations was between 66-75 percent in all the major economic indicators.

The direct military outlays of the US government amounted to \$315 billion; if we include interest payments on debts and veterans' benefits the total stood at \$425 billion. How indeed was the war financed? Before turning to this question it should be indicated that the war accelerated industrial growth, and output advanced in leaps and bounds. The index (using the period 1947-1949 as 100) rose from 57 in 1939 to 88 in 1941 and 133 in 1943. While during the six years of the New Deal the index figure rose 21 points, during the first four years of war it soared 76 points. In 1929 the Gross National Product stood at \$104.4 billion. For the subsequent ten years it remained well below the 100 billion mark, reaching it again only in 1940 (100.6). Then between 1941 and 1944 the GNP rose precipitously



(125.8; 159.1; 192.5; 211.4 billion in the prices of the time). In 1945 the GNP was estimated at \$ 213.6 billion.

This provided the background for an increase in government expenditures: from 4.3 billion in 1932 to 8.5 in 1938, to 35.5 in 1942 and 100.5 in 1944. Government outlays increased both in absolute terms and relatively to the GNP, which had also risen sharply since the 1930s. In 1932 government expenditures made up only 7 percent of the GNP (4.2 of 58.5 billion). In 1944 this figure rose to almost 50 percent (100.5 of 211.4 billion). Government interference in the economic and social spheres intensified both quantitatively and qualitatively. This was particularly evident in government financial activities, which went hand in glove with production efforts.

The federal government funded 41 percent of the costs of the war through taxes (compared to 33 percent for World War I). The remaining outlays were covered by the issue of bonds and through loans. In the course of eight bond campaigns the Department of Finance sold \$ 40 billion's worth of bonds to small depositors and another \$ 60 billion to individuals and corporations. But this additional \$ 100 billion proved insufficient and the Department of Finance was forced to resort to loans from the federal reserve and commercial banks to the amount of \$ 87.5 billion. The bonds served for double purpose—to finance the war and to fight inflation. Taxation policies were also designed to meet these two goals. But taxes did not represent a voluntary contribution; rather they were a key element in determining the distribution of the national income. Between 1941 and 1945 the government collected \$ 138 billion from the population in taxes. The income tax was now extended to the lowest income brackets which had earlier been free of the burden. Tax deductions were made directly from wages and salaries in order to simplify the process. The upper income brackets were subjected to heavy taxation. It was set down that no one was to receive an income of over \$ 25 thousand per annum during wartime. In 1942 the tax rate on the highest personal incomes was set at 94 percent. This should not be confused with corporate taxes, where the maximum stood

at only 40 percent. To be sure, in 1943 a surtax of up to 90 percent was levied on so-called excess profit. But under the system of "accelerated depreciation" it was not easy to track down excess profit. What is more, taxes were levied on the corporations with the understanding that they would reap returns after the war, which is just what happened: \$ 14.5 billion were in fact returned when the war ended. The tax policies of the US government pursued the goal of placing the burden of the war squarely on the shoulders of the working people. The promise that war-profiteering and fortune-making would not be allowed as it had been in World War I was nothing but a propaganda stunt, given wide publicity by the Office of War Information under Elmer Davis. The net corporation profit (after taxes) came to \$ 55 billion for the six wartime years.

The war also brought American agriculture out of the doldrums. As we know, farmers were caught up in a protracted depression after World War I and lived through a devastating period in the 1930s. Thanks to heavy demand for agricultural produce both domestically and from abroad, money income on the farms rose from \$ 2.3 billion in 1940 to \$ 9.5 billion in 1945. Many farmers were able to escape from their mortgage debts and even amass some savings. Those farmers with, as the saying goes, two cows and twenty banks reaped the largest rewards. The Farm Bloc in Congress pushed through several exceptions to the established price controls, which worked to the benefit of these "farmers". At first, prices of foodstuffs were set at 110 percent of parity, that is, of the normal price ratio of goods sold and purchased by the farmers. With the adoption of the Economic Stabilization Act in October 1942 Roosevelt froze prices of foodstuffs as well as wages and rents. But the foodstuffs prices could not be kept under strict control, for powerful forces in Congress and in the regulatory agencies fought against it. Food prices went up despite the government "stabilization" measures. A black market flourished in the country.

The rise in prices was the main manifestation of inflation. Although, on the whole, the country managed to escape se-

rious inflation, increases in the cost of living could in fact be felt, notably, by the lower income brackets of the urban population and, above all, in the new industrial centers which had sprung up in various parts of the country.

It was officially regarded that prices and the cost of living had been stabilized. The National War Labor Board, established in January 1942 to regulate labor conflicts, was given the right to set a ceiling for wages so that they did not facilitate the growth of inflation. In its investigation of a conflict in the steel industry in the summer of 1942 the Board worked out a "Little Steel" formula which specified the balance between wages and cost of living as of January 1, 1941 as ideal and stipulated that wage increases from July 1941 were not to exceed 15 percent (the rate of inflation for that interval). Workers who had received wage increases according to the "Little Steel" formula had no right to demand any more even if they could demonstrate that the rising cost of living had surpassed their wage growth. Following the stabilization principles wages were not necessarily to increase in step with price hikes. The divergence was regarded as the inevitable consequence of the enormous war outlays. The US government thus revealed that it was tackling the problem of distributing the war-inflicted burdens from a class, bourgeois point of view: war costs could have been largely financed from excess corporation profit rather than from the pockets of the workers, but the ruling circles found the idea inadmissible.

The ruling elite and the monopolies in their pursuit of profit maintained that wages and prices remained balanced or "stabilized". The cost of living was officially tabulated in the Bureau of Labor Statistics under the Department of Labor and Americans could now see for themselves palpable and not at all harmless evidence of the popular saying that "there is lie, big lie and statistics". The Bureau argued that the cost of living had risen only 25 percent between January 1941 and early 1945. By this admission it allowed that the "Little Steel" formula needed readjustment, but the National War Labor Board by majority vote

declined to recommend even this correction to the President. A joint group of AFL and CIO experts, working together on this question despite the hostility between the two labor confederations, convincingly demonstrated that the cost of living had risen by no less than 45 percent, much higher than the ceiling allowed by the "Little Steel" formula.

Government policy on manpower allocation for industry was also directed at warding off further wage increases. The War Manpower Commission prohibited workers to shift to other jobs at higher pay unless it was dictated by war needs. From 1943 millions of workers were stuck immovably at their jobs. In 1944 and 1945 the President even recommended the passage of a national service act, but resolute opposition from a large number of unions halted the bill in Congress.

In sum, the policy of economic stabilization turned out to be, as the union and democratic press indicated at the time, an effort to freeze wages in conditions which favored increases. The stabilization policy advocated by Roosevelt and Byrnes played a major role in helping the monopolies reap the substantial war profits. Although price increases far surpassed the gains in hourly wages (45 *vs.* 20 percent) the overall real income of the workers rose through the mopping-up of unemployment, transfers of manpower to higher-paying sectors, added overtime, night shifts and other methods of an intensification of the labor process.

World War II exerted a substantial impact on the subsequent development of American imperialism. The prevailing situation served economically and politically to consolidate the American monopolies. Thanks to the efforts of the ideologues and propagandists of the big bourgeoisie during the early postwar years, business, which in the 1930s had been justifiably held responsible for the crisis and ensuing calamities for the working people, now took on a different light in the eyes of many Americans. It seemed to have gone through a process of rehabilitation. During the war years a host of theories and interpretations of American capitalism accompanied the economic boom. Key



among these was the argument that American capitalism had changed, becoming more stable and "humane". Eric Johnston, then President of the Chamber of Commerce, published a book entitled *America Unlimited* (1942) in which he denounced "ultra-conservatives" on the one hand and "clamorous collectivists" on the other and proposed a "middle way: the way of realistic adjustment between old-style *laissez-faire* capitalism and current economy". He saw "three main capitalisms" in the world: "the capitalism of the bureaucrats" in the fascist countries; "the capitalism of private monopoly and special privilege" once obtaining in the USA; and "capitalism of everybody" or "people's capitalism", the putative new form of American capitalism. Thereafter, the theory of "people's capitalism" long held sway among the explanations put forth by American bourgeois authors for the substance of socio-economic relations in the United States. The emergence of notions of a "new capitalism" was no chance event. They gave a distorted interpretation of the actual objective process by which American monopoly capitalism was developing into its state-monopoly form. By the end of the war this process was for all practical purposes complete.

#### 4. The Political Party Struggle

From the first days of World War II, the Roosevelt administration endeavored to create some kind of national unity. But until Japan's attack on the United States there was no hope for achieving unity on foreign policy, at the center of which stood the question of the war. So Roosevelt hoped to establish this unity around questions of domestic policy. Even before the war, that is early in 1939, he made it clear that the period of reforms had ended and he called upon his opponents on the right as well as upon the working people to moderate their demands and reduce the turmoil of the preceding ten years on the basis of the status-quo achieved by the New Deal. It was true that the era of reforms had drawn to a close. Roosevelt no longer evinced

concern for his left flank, for he was firmly convinced that the potential danger it had presented in 1933 was now a matter of the past. Now he concentrated his attention on the right.

Taking advantage of the climate of war, reactionaries in both parties launched an assault on the key gains of the New Deal such as the Wagner Act, the Fair Labor Practices Act and other concessions wrested by the working class in the 1930s. The reactionary bloc in Congress tried to nullify several New Deal laws by calling for "alterations", and were on several occasions near success. In 1941, reactionaries in Congress changed their tactics. Now instead of launching attacks on the New Deal legislation they proposed a completely new law severely limiting the right to strike and putting under control all aspects of union activity. An anti-labor campaign was mounted in Congress and in the press. The situation was so serious that even the AFL leaders spoke out in unusually harsh political terms against the reactionaries. The AFL journal *American Federationist* published an article under the striking title "Slave Labor Is No Solution" (June 1941) which included the reasonable statement that "we cannot defend that democracy by adopting any Nazi-Fascist totalitarian schemes". On December 3, 1941, the Anti-Strike Smith Act won a majority in the House of Representatives and went to the Senate for consideration, where anti-strike measures were already included in legislation pushed by T. Connally and others. The outbreak of war interrupted the progress of the bill. Yet another piece of legislation initiated by Smith was already adopted back in 1940. The Smith Act, an amendment to the Alien Registration Act, was destined to acquire considerable importance in postwar America. The second and third articles of the act subjected to a fine of up to \$ 10 thousand and a prison sentence of up to ten years anyone who "...knowingly or willfully advocate(s), abet(s), advise(s), or teach(es) the duty, necessity, desirability or propriety of overthrowing or destroying any government in the United States by force or violence, or by the assassination of any officer of any such government".

The bombing of Pearl Harbor rallied the American population around the flag. In December, a conference of union representatives and employers agreed to an end to strikes and lockouts during the war and to the settlement of disputes through governmental regulatory agencies. Reactionaries in the Capitol fell silent for the time being.

But true national unity was an unreachable goal. It was undermined by the contradiction between involvement in an anti-fascist war and the monopoly drive for profit, dividends and more lucrative positions. Monopolies bent every effort to take quick advantage of the promising opportunities which had been so few and far between during the previous decade. The undermining of national unity would have been carried to greater lengths were it not for the conscious sacrifices made by the working people in the cause of crushing fascism. National unity was shaken most of all by the highly acute class antagonism coming to the surface in dealing with economic and social problems. An uncompromising struggle unfolded over the question of price controls and the related tax problem.

After deflecting the burdens of war to the shoulders of the working people the ruling class encountered labor disgruntlement. The discontented were accused of lack of patriotism. At the same time Congress moved from moral denunciation to the adoption of legal measures directed against workers' organizations. With the spring of 1942, when the initial wave of national unity had died down, reactionaries in Congress renewed their attacks on the unions. They were followed by local "patriots" in the state legislative bodies. Between 1943 and 1945 a rush of state and federal measures were adopted against strikes and the organized labor. Among these the most conspicuous was the federal Smith-Connally Anti-Strike Act. The act curtailed strikes in the war industry and gave the President the right to bring under his authority enterprises which were paralyzed by strikes, after which a call for a strike would be subject to criminal prosecution. F.D.R. vetoed the bill, but on June 25, 1943, it was made law by a two-thirds majority of both Houses. This was the first federal statute directly forbidding

strikes. The union leadership branded it as a law "...sabotaging the morale and efficiency of our soldiers of production".

Racism also ate away at national unity. Racial discrimination was rampant in the armed forces and in the rear line. The Fair Employment Practices Commission established by Roosevelt in the summer of 1941 under the threat of a Black march on Washington did not change the state of affairs. The years of war witnessed one of the bitterest racial clashes in recent American history. In June 1943, 25 Blacks and several whites were killed in a riot in Detroit. As the Black Thurgood Marshall, present-day Supreme Court Justice, pointed out at the time, the conflict was instigated by the Detroit police whom he compared with the "nazi Gestapo".

Differences within the ruling class and in the country at large were loudly felt during the wartime elections. In the 1942 Congressional elections conservative and reactionary forces made gains as the Republicans picked up 47 seats in the House and 10 in the Senate. In the pivotal year of 1943 the situation became even more heated up. As the entire world saw the first real prospects of victory over fascism, the US domestic policies experienced a turn to the right in many aspects. The right-wing elements decided to give battle in the elections of 1944. The Republicans nominated for presidency the young New York Governor Thomas E. Dewey, a moderate conservative, assigning him as running mate John W. Bricker, the reactionary Governor of Ohio.

Franklin D. Roosevelt and other Democratic leaders turned their main attention to the choice of a vice-presidential candidate. The Vice-President Wallace was out of favor for his too liberal reputation in a time when liberalism was on the retreat. He held no influence in the Senate over which he presided. All legislation proposed by Roosevelt bypassed Wallace, for the former knew that association with the Vice-President would only reduce the bill's prospects on Capitol Hill. Engrossed in urgent military and diplomatic affairs, Roosevelt agreed to the candidacy of Byrnes, although not



without hesitation, for he was aware of the "Assistant President's" unpopularity with the working class and of the esteem in which Wallace was held. As it turned out, the choice fell upon Harry Truman, a senator from Missouri, who because of his relative anonymity had few enemies.

While the platforms of the two parties diverged little in either domestic or foreign policy, the groups supporting the contenders were substantially different. Thomas E. Dewey was supported by the right-wingers, prepared to launch an offensive on the home front when the war ended. Roosevelt maintained his earlier association with liberal social reforms and cooperation among the Great Powers in both peace and war. In the elections the Democrats lost one place in the Senate but picked up 20 in the House. Democratic forces took an optimistic view of the election results.

However, the outcome did not prevent the monopolies from developing their own formulas for the postwar adjustment in the United States. At first in camera, and by the summer of 1945 quite openly, reactionary labor legislation was being planned and drawn up. The so-called Committee of Ten was the most assiduous. The committee, composed of a group of corporation lawyers, drew up the law projects which then formed the foundation of the Taft-Hartley Act. Leaders in both parties were most concerned with measures to combat liberalism and radicalism. On January 2, 1945, Senator Arthur H. Vandenberg wrote in his diary: "I agree that the country desperately needs a major political party which stands as the 'right' (instead of the 'left' of center). I agree that this is the only hope for the Republican Party and—what is infinitely more important—the only hope for the country."

With the death of Franklin D. Roosevelt on April 12, 1945, the conservatives began to flex their muscles in the Democratic Party as well. From the point of view of the war-fattened business community, the new President, Harry S. Truman, though not a born statesman, did have one important advantage: he was open to the new ideas the businessmen fostered in multitudes by the end of the war.

## 5. The Labor Movement

Two questions held the attention of the labor movement between September 1939 and December 1941. First the stance of its various segments towards the war in Europe, and second—its response to the shift in government domestic policy, notably the new anti-labor campaign of 1939. Unity was easier to establish on the second than on the first question.

Concerning the war, the AFL and CIO had moments of agreement and those of serious differences. The AFL leadership did not try to analyze the causes and nature of World War II, considering it a "geographic" event associated with Europe and disassociating its origins from the nature of the imperialist system. It denounced the totalitarian fascist regime but at first would go no further than to express its distaste for "dictators", simply accommodating itself to the evolution of government policy. As matters turned out at the outset of the war the AFL was closer to F. D. Roosevelt than was the CIO—a change from the 1933-1939 period. In November 1940 an AFL conference voted "...to give all assistance possible in the execution of the national defense program". What is more, long before Pearl Harbor the AFL proclaimed its intent to refrain from strikes as long as the emergency created by the war in Europe lasted. In October 1941 Roosevelt's stance towards the war gained even more specific support when the AFL approved granting "...all possible aid to Great Britain, Russia and other countries fighting Hitlerism". This was remarkable, considering the militant anti-communism to which the AFL leadership stuck both before and after Nazi Germany attacked the USSR on June 22, 1941.

The CIO and its leadership was less homogeneous in composition, which led to a more complex position toward the war and Roosevelt's policy. Two periods can be singled out in the evolution of the CIO position: the first from September 1939 until November 1940 and the second from November 1940 through December 1941. Initially the CIO leaders were unconditional in their condemnation of the

war in Europe. Here as with the AFL no profound analysis of the nature and causes of the war was forthcoming. But the CIO differed in its emphatic neutrality and even isolationism. Here John L. Lewis found powerful support in the energetic left minority in the CIO which took an adamant stand against any and all aid to the belligerents. Supporters of Sidney Hillman and Philip Murray who opposed both Lewis' isolationism and the neutralism of the left, throughout most of the first year of war were reluctant to act and instead took a wavering and wait-and-see attitude.

But with the coming of summer 1940 the mood of the bulk of the working people began to shift decisively in favor of Britain and her allies. This, in effect, meant added support for Roosevelt. Then John L. Lewis took a desperate political step, calling on the workers to vote against Roosevelt in November 1940 and that he would consider any other action of vote as no-confidence and would resign as President of the CIO. True to his word, John L. Lewis did in fact resign immediately after the elections. His gesture was an indication of important processes taking place in the CIO. Both rank and file and functionaries realized that the situation in the country and throughout the world was undergoing radical changes and that isolationism and neutrality did not represent a constructive approach to reality from any point of view—whether considered from the domestic or the foreign policy angle. Even within the union world Lewis' position was harmful for the CIO, for it encouraged closer relations between the White House and the AFL leaders and a subsequent erosion in CIO prestige in the President's entourage, something neither Hillman nor Murray wanted to let happen. Murray, elected President of the CIO at the close of 1940, began to swing his organization to the support of Roosevelt's policy of "national defense". This process was completed by the end of June 1941, when all branches of the CIO again supported a single platform. The CIO union congresses of autumn 1941 one after another adopted resolutions expressing support for the USSR, Britain and China in their anti-fascist struggle. The Fourth Congress of the CIO in November 1941 decided to call for granting com-

prehensive aid to the USSR, Britain and China in their "heroic struggle to rid the world of nazism". After adopting this position the CIO worked energetically to mobilize the US industry on a war footing, insisting that the US President make every effort to aid the Allies.

At the outset of the war the labor movement was confronted with important economic, social and legal problems. The expansion of production established economic opportunities to press for wage increases. There were, however, a number of obstacles to this, and among them two were paramount. First, masses of non-union workers were given jobs and the employers tried to take advantage of this to undermine the position of the AFL and the CIO. Second, the reactionaries unleashed a blustering anti-labor campaign, endeavoring to use legal measures to weaken the unions. It was, thus, no coincidence that the 1939-1941 period was marked by an intensification of the class struggle. The growth in strikes was particularly conspicuous in 1939 and 1941. (In 1939 there were 2,639 strikes in which 1.2 million men and women participated with a loss of 18.5 million workday units. In 1941 the corresponding figures were 4,314, 2.4 million and 23 million.) At first the pivotal problem for the labor movement was to win recognition for unions, but as December 1941 approached demands for wage increases crept to the forefront of labor disputes.

The USA entered the war at the peak of the class conflicts centering on union recognition and wage disputes. The workers were adamant in their economic and social demands. At the same time, all segments in the labor movement were practically unanimous in their stance towards the war, decidedly supporting the anti-fascist camp. This determined the course and outcome of the conference of labor leaders and employers called at government initiative immediately after Japan's attack on the USA at Pearl Harbor.

The conference was the scene of heated disputes. No agreement could be reached on the form of union guarantees which were to be included in collective agreements. In exchange for a no-strike guarantee the unions demanded recognition of the "closed shop" principle as well as other



protective guarantees for the term in which collective agreements would be binding. When these differences could not be ironed out, the conference headed into a dead end. Then Roosevelt proposed that the two sides refrain from strikes and lockouts and that all conflicts be turned over to government arbitration. To this end he established the National War Labor Board with employees, unions and public figures given representation on it. The No-Strike Pledge Agreement of December 1941 was a complex matter which had ambiguous consequences. On the one hand, the agreement was clearly unbalanced in the benefits it yielded. The pledge to refrain from lockouts in a period of radical expansion in industry and of acute manpower shortages could not be compared with a pledge to refrain from strikes whose potential effectiveness had been sharply increased by the same conditions. On the other hand, not only economic considerations were involved in the matter. The working class regarded the interests of the anti-fascist struggle as ones of paramount importance and was completely consistent in its effort to establish national unity as advocated by its leaders. Finally, the conference and the policy given its stamp of approval indicated the heightened role of the government in regulating labor relations.

The unions and the Communist Party did everything in their power to mobilize the country's military capacities. Still, as the war continued national unity began to split at the seams. As early as 1942 the monopolies turned Roosevelt's policy of economic stabilization into a situation in which wages were frozen while profit skyrocketed. The most reactionary monopolists pushed, with no small success, for the passage of anti-labor legislation. Given the situation strikes were an inevitable response. Between December 8, 1941 and August 14, 1945, there were 14,731 strikes in which 6.7 million workers participated.

Strike actions by miners took the forefront in the labor struggles between 1942 and 1945. In 1943 alone 9 million man-days were lost in the mines, which amounted to 25 percent of the total lost during the entire period of American participation in the war. The United Mine Workers

leadership under John L. Lewis demonstrated great skill in conducting strikes both in terms of timing and in imposing limits to which the struggle could be taken without affecting the nation's war effort. First, the miners accumulated huge reserves of coal and then declared a strike. As a result not a single firm in the country stood idle for even a day because of fuel shortages. Neither the population nor the armed forces was affected by the strike actions.

The economic policies of the monopolies and of the government regulatory agencies aroused discontent not only among the miners. With the outset of 1943 the number of union locals demanding the abrogation of the 1941 No-Strike Pledge grew relentlessly. In June of that year the Michigan Council of CIO Unions declared that it was no longer bound by the terms of the Pledge. Referendums on the question were conducted in a number of unions. It was only with the greatest difficulty that the No-Strike Pledge was upheld. The leadership of the CIO and AFL and of the Communist Party observed it to the end of the war, but among the locals it was unwelcome on more than one occasion. In the final year of the war the policies of the government regulatory agencies were so unpopular at the grass-roots level that union cooperation with these agencies reached the end of its rope. In February 1945, Emil Rieve, the President of the Textile Workers Union, demonstratively resigned from the National War Labor Board. In a statement to President Roosevelt he said: "...The Board has now been reduced to little more than a rubber stamp." This board was the only one in which the unions retained at least a semblance of power, in others people of the ilk of Byrnes held sway. Oblivious of the interests of the working class they could dictate their will to the National War Labor Board.

The political efforts of the labor movement during the war were primarily directed at the mobilization of all resources to crush fascism. The demand for the speedy opening of a second front in Europe enjoyed great popularity among the rank and file. The unions on both coasts were most fervent in their support. The active support given by

citizens of Slav origin should also be pointed out. The Slav Congress, speaking for 15 million Americans, demanded the activization of all types of aid for the Soviet Union and other allies.

The unions and the Communist Party, following a policy of cooperation with the Roosevelt Administration, at the same time fought against reactionary elements in the ruling class. After the passage of the Smith-Connally Act the CIO organized a Political Action Committee under Sidney Hillman. The Committee was established to provide a political rallying point for all trade unions regardless of specific political allegiance and to strike out against right-wing congressmen and the reactionaries in general. Before the 1944 elections the Committee lobbied for the renomination of Henry Wallace as Vice-President. The rejection of Wallace at a Democratic convention demonstrated the weak political standing of the unions even among pro-Roosevelt Democrats. This represented a dangerous symptom of the retreat of the New Dealers from the liberalism of the 1930s.

The war significantly undermined the political position of the unions and weakened their all-too fragile independence. Support for Roosevelt's military and diplomatic initiatives evolved into the routine politics of class collaboration. On March 27, 1945, AFL and CIO representatives signed an agreement with President Eric Johnston of the US Chamber of Commerce pledging to refrain from strikes and to cooperate after the war. This agreement became a dead letter when the reactionaries in the National Association of Manufacturers refused to add their signatures.

The reformist mood had an effect among Communists as well. At the initiative of Earl Browder the party was transformed in 1944 into the American Communist Political Association with a program calling for purely educational measures. Far from a mere reorganization, this amounted to the liquidation of the party. In the summer of 1944, the steadfast elements of the party led by William Foster restored the Communist Party of the USA but the damage inflicted in 1944-1945 had far-reaching consequences.

Although during the war years the organizational level of the labor movement made significant gains (the number of union members rose from 8.8 million in 1939 to 14.3 million in 1945), it entered the postwar period markedly weakened both ideologically and politically. This does not mean that the American unions were completely indifferent to political problems. The CIO leadership established contacts with Soviet trade unions and took part in the founding of the World Federation of Trade Unions (WFTU) despite the resistance of the AFL executive committee. Still, the labor movement was politically disoriented when it came to dealing with such a crucial problem as the role of American imperialism in the postwar period.

Tightly bound to the government bureaucratic apparatus in the war years, the trade unions could not achieve the economic positions which were objectively attainable at the time. Tired of war controls and restrictions on their demands, the workers waited for the onset of peace to come out in full force against the monopolies. In the fall of 1945 all key sectors of the economy were beset with bitter conflicts, which then led to a genuine explosion in labor relations.

## **6. American Plans for the Postwar Organization of the World**

In America both specialised and popular historical accounts give broad credence to the argument by the war correspondent Hanson Baldwin that during the war the United States had no peace program. This proposition should be dealt with more sceptically. In reality there were many plans afoot in the USA for the postwar world. Both non-government organizations (from the National Association of Manufacturers to the labor unions) and government agencies were concerned with the issue. Activity in this direction began with the first shots in Europe in 1939 and took on a truly American grand scale in 1943-1945. The NAM and other big business organizations formed a number of com-



missions and committees on postwar problems. Prominent figures who contributed to this work included Winthrop Aldrich, Thomas W. Lamont, C. Goodrich, Averell Harriman, university specialists and experienced hands at international affairs such as John Foster Dulles. A number of international relations centers at the universities received sizeable grants to work out plans for postwar global organization. Certain monopolists were also energetic in this sphere. Among them was Bernard Baruch, an adviser to all US presidents since Wilson.

The government did not remain inactive either. Various commissions set up by the State Department energetically studied plans for the postwar period.

To anyone who reads through the sundry projects for the postwar world drawn privately and on the governmental level it is obvious that the prewar categories— isolationist and internationalist—had lost their meaning, for isolationism had by the end of the war virtually disappeared.

Analyzing constructions of official government circles, the first on the list of foreign policy concepts, we should note from the start that their neat classification presents the greatest difficulties. This is due to a number of reasons which include a gap between public statements and actual plans, more typical of the officials than of those who are not responsible directly for the government policies; the presence in government of people with divergent views and plans who were united in the public harness by the force of circumstances rather than by common positions; and the flexibility of official policy in response to the rapid changes taking place in both domestic and international affairs. The official policy of the Roosevelt Administration may be looked upon as both a complete whole and a bag of contradictions. These contradictions were of both a static and dynamic nature. Hopkins was always miles from Byrnes in outlook and the same could be said of Stettinius and Truman. The underlying dynamics can best be viewed by comparing the thoughts and actions of all, with but a few exceptions, of the US government figures in the period 1942-1943, and in the spring and summer of 1945. The very same people who

had praised the courage of the Russians in 1941-1943 and sent official greetings to the National Council of American-Soviet Friendship, in the spring and summer of 1945 became advocates of a hard line *vis à vis* the Soviet Union. The official policy changed slowly, but the shift was marked with the inauguration of Harry S. Truman when the time to make decisions on international problems could no longer be pushed back. It began with a turnover in personnel and notably with those who drew up and executed foreign policy. In official terms the policy of the Roosevelt-Truman Administration maintained both the impulse to retain postwar cooperation between the Great Powers and the unilateral imposition of America's plans for global hegemony. The latter grew in intensity as victory approached and became associated with the new President, for F.D.R. had made his exit from history with the Yalta Agreement in hand. Thus, official government policy may with full justification, though with a distinct measure of caution, be divided into the Rooseveltian, in which the idea of cooperation with the USSR and a democratic world order took first place, and the Truman phase, in which the imperialist concepts, present but not dominant under Roosevelt, now came to the fore.

The Rooseveltian tendency was rather close to the stance of the Wendell Willkie group in the Republican Party leadership. The former presidential candidate outlined his stand in a book entitled *One World* published in April 1943 in an issue of 2 million copies subsequent upon Willkie's lengthy journey to the USSR, China and other countries by commission of Roosevelt. He found a "deep friendship" in these states as well as a "reservoir of good will" toward the USA. He drew his basic conclusions from his stay in the USSR. Willkie devoted much attention to the timely drawing-up of plans for the postwar world. He took his cue from the liberal expansionist tradition and wanted to see a world consisting of countries which were politically independent but economically integrated under the aegis of the United States. Wrote Willkie: "America must choose one of three courses after this war: narrow nationalism, which inevitably

means the ultimate loss of our own liberty; international imperialism, which means the sacrifice of some other nation's liberty; or the creation of a world in which there shall be an equality of opportunity for every race and every nation. I am convinced that the American people will choose, by overwhelming majority, the last of these courses. To make this choice effective, we must win not only the war, but also the peace, and we must start winning it now." But by the end of the war the liberal-expansionist ideas of a "united world" had begun to lose popularity. The only element of this concept that remained on the surface was the idea of expansionism evolving into overt imperialism.

The future was to smile on a foreign policy consisting of a combination of tendencies associated with Truman and with an influential grouping of Republicans headed by the former isolationist and rabid imperialist Arthur H. Vandenberg. During the election campaign of 1944 Vandenberg worked in close collaboration with Thomas E. Dewey's adviser on foreign policy questions, John Foster Dulles, and the "old friends" poured a great deal of energy into formulating a reactionary foreign policy for the postwar USA. The Dulles-Vandenberg group saw that their hour had come in early 1945 and that support had been picked up in the business world for their hard line. Roosevelt caught the drift and gave his sanction. On February 13, 1945, Vandenberg was made a member of the US delegation at the upcoming San Francisco conference to draw up a charter for the UN. Dulles was appointed adviser to the delegation.

Numerous books, pamphlets and articles were printed during the war to give a popular rendition of Roosevelt's, Willkie's, Truman's and Vandenberg's foreign policy concepts and plans for the postwar organization of the world. As early as February 1941, the publishing magnate Henry R. Luce wrote an article entitled "American Century" in which he argued that American preeminence, that would mark the 20th century, was indeed under way. Such a viewpoint was ideally tailored to the Truman-Vandenberg concept in the US ruling elite as the war drew to a close.

The groups under discussion were actively international-

ist in stance; they differed only in degree of aggressiveness and expansionism.

The views of Senator Robert Taft and his supporters, who were many considering he had run four times for the presidential nomination, held rather a unique place in this kaleidoscope of ruling class opinion. To be sure, Taft never did win the nomination—mainly because of his foreign policy standpoint. Isolationism disappeared from the mainstream of US foreign policy notions during World War II. Robert Taft was no exception, but of all the leading Republican and other isolationists he was the least readjusted. He also wanted the world to be American—however, with a minimum of US effort and interference. In an article published in a supplement to *The New York Times* in February 1944 he articulated quite fully his retreat from isolationism. However, his warnings against military alliances, against contributing to an international police force, and his reservations about joining international organizations such as the League of Nations made the Senator's views too outmoded for the "American century". The imperialists, nonetheless, found attractive Taft's anti-Soviet statements and his accord with application of armed forces against any threat to the American interests. He proposed that the USA rely primarily on its own strength rather than trust its allies, that the country act decisively and withdraw its troops immediately after the restoration of order.

The Taft approach also fitted in the general course of American foreign policy before the end of the war. This cannot be said of the tendency personified by former Vice-President Henry A. Wallace, demoted in 1945 to Secretary of Commerce, and holding that position only through the efforts of Roosevelt, who himself had been put under pressure by the CIO and other progressive organizations, for the Senate had for a long time refused to confirm him. Among the US ruling circles Wallace was the most consistent and genuine supporter of a democratic world order and universal cooperation among states and nations after the defeat of fascism. On May 1942 he had given a major foreign policy address echoing these sentiments and a year



later published a book called *The Century of the Common Man*. In this book he juxtaposed his democratic ideas to notion of the "American century". The Vice-President enjoyed widespread popularity, but with the turnabout in mid-stream during the war his views were strongly opposed by expansionists and imperialists of all shadings. In 1944 and 1945 he had behind him only the left-centrist groups in the CIO leadership, the Communists, a few socialists and some progressive intellectuals. The imperialists rejected all suggestion of Wallace's idea of peaceful cooperation with the USSR. Arthur Vandenberg believed that Henry Wallace's ideas terrorized the "average American". The enemies of a democratic world adjustment took advantage of the elements of messianic doctrinairism in the Vice-President's propositions to make him an object of public ridicule.

Henry Wallace was a victim of the illusion of "progressiveness" of American capitalism and its ability to bring good to the entire world. He expressed his ideas within a religious and even mystical vocabulary. The absence of a scientific analysis of the essence of American capitalism and of the causes of social progress lying deeper than mere enlightenment or religious mysticism of course weakened the credibility of Wallace's overall viewpoint. However, it would be incorrect to regard as spurious his call for a democratic world and for international cooperation. Even politically this call was logical, if we take into consideration the logic of military cooperation between states and nations as was evinced at the time and strengthened by the many official testimonies of the time, the two most famous of which were the Yalta and Teheran agreements. Wallace's idea was simply rejected politically, for the overwhelming majority in the ruling circles adopted an openly imperialist stance. By the end of the war Wallace's ideas had been removed not merely from official policy but even from the arsenal of schemes, concepts, and plans held in reserve as future possibilities. Still, his ideas did not disappear without leaving behind a trace or two.

If we look over the spectrum of foreign policy views described above, it will be evident that by the end of the

war almost everything had been repainted in an imperialist, hegemonic, and expansionist color scheme. The democratic and progressive aspect had melted and disappeared with the demotion of Wallace, deaths of Wendell Willkie and Franklin D. Roosevelt, with the loss of power and withdrawal from politics of the late President's advisers, with the turn to the right of those who remained and with the influx of new presidential advisers calling for a hard line and for vigorous expansionism. The fate of the famous Morgenthau Plan to divide Germany into several parts and turn her into a multitude of pastoral states is indicative of the turn of events. Under Roosevelt and even more so under Truman the plan was rejected, but not because it contained far too great injustices against the German people, rather because it did not fit with the calculations of preserving the military and industrial might of fascist Germany in the future struggle against the USSR and the democratic forces of Europe. The crude manner in which Henry Morgenthau was removed from his post as Secretary of the Treasury just before the Potsdam Conference, was additional confirmation of the negative stance of the White House to his plan. Within the space of little over two months Harry Truman removed six of his ten cabinet officials. The survivors were Henry A. Wallace and Harold L. Ickes, now the resident outcasts in Washington, Henry L. Stimson who was to remain at his post until victory over Japan, and James W. Forrestal. The latter prospered until he threw himself from the window of a military hospital in a state of total mental derangement.

The ruling circles in the USA could not make an abrupt change in government foreign policy in the direction of unilateral imperialist solutions for postwar problems, for the weight of commitments and slogans was too overbearing and the idea of cooperation among the large and small nations who had conquered fascism was simply too popular. The US government was even forced to accept new commitments to install a democratic world order as fixed in the San Francisco (April-June 1945) and Potsdam (July-August 1945) conferences. But other tendencies were now in

control. The USA tried to blackmail the USSR (and at the same time Britain and the rest of the world) with a sudden halt to Lend-Lease shipments. Even President Truman understood that he had gone too far and retreated, temporarily extending these shipments, for the world was still faced with the problem of defeating Japan, against whom the USSR had not even declared war. As the American historian Gar Alperovitz convincingly demonstrated in his *Atomic Diplomacy: Hiroshima and Potsdam*, in April 1945 Washington decided to carry out in the near future a small test of Russian strength and to give the USSR an indication of American might. Averell Harriman and other experts on Soviet affairs had already busied themselves with the effort. But a stumbling block was encountered with Stimson, who managed to convince the President that for the time being there were no forces to put up against the Russians, for the army had to be withdrawn from the European to the Far Eastern theatre and then demobilized, and for the time being the atom bomb was still at the project level. Moreover, the Soviet armed forces represented a highly desirable ally for the land war against Japan in China and on the islands. Stimson suggested that the confrontation be postponed until the testing and actual use of the atom bomb. Next came the Hopkins mission to Moscow, where he was received just as well as four years previously but in brighter circumstances.

The US ruling circles greeted the end of the war in Europe without marked enthusiasm. (Vandenberg's diary makes no mention of the event!) They were clearly troubled by the future which promised an upsurge in the forces of peace, democracy and socialism as its main feature.

At the constituent UN conference in San Francisco, where, as the American press was precise in pointing out, the main role in the delegation was played by the Republicans Vandenberg, Dulles and Nelson Rockefeller rather than by the appointed leader, Secretary of State Edward Stettinius, the Americans made their first step toward undermining this organization. They managed to push through an amendment to the Charter stipulating the right to "regional de-

fense", which later was used as the legal basis for setting up aggressive blocs. In sharp contrast to its manner of action on the League of Nations issue, the US Senate was quick and almost unanimous (89:2) in ratifying the UN Charter on July 28, 1945.

The acceptance of the UN Charter, the outcome of the Potsdam Conference and a number of other measures demonstrate that the postwar government foreign policy of the US stood somewhere in transit between the retreating democratic ideals for which the peoples of the world (including the American people) had fought the war and the advancing notions of American imperialist dominance. On the whole, the US government remained true to the Allied decision to carry the war to a victorious conclusion—that is, until the defeat of Japan. Neither the Truman government nor those who took position on the right of the White House entertained any notions of retaining fascist regimes in the defeated states. Yet they did look for a postwar settlement in which the USSR would be weakened and isolated from the world, in which the liberated peoples of Europe and Asia would pursue a "righteous", "democratic" or, in other words, anti-socialist route. They hoped that the former citadels of reaction and fascism, after changing their unattractive outer garb, would learn their manners from the Americans; that the colonies would be brought into the American orbit while retaining links with their "legitimate" metropolies. They further hoped that Britain and France would obediently follow the lead of American policy and that Latin America would remain the private preserve of the US monopolies. On such terms the US government and virtually the entire ruling class were willing to support "peaceful cooperation" and "internationalism".

After dropping two bombs on Japan with hints of what was in store for all those who might interpret cooperation and internationalism otherwise, the imperialist US ruling circles moved to deal with the specific cast of the postwar world.



*Chapter VI*  
**THE FORMATION OF POSTWAR FOREIGN  
AND DOMESTIC POLICY (1945-1948)**

**1. Problems of Reconversion**

On the day after the capitulation of Japan President Truman replaced the miniature cannon on his desk with an elegant little model plow, as if to symbolize the reconversion of the country to peacetime activities. However, the return to peace turned out to be much more complex than a mere change of decorations in the Oval Office, despite the plans that had been elaborated since the very beginning of the war.

The end of the war in Europe was not greeted in America with the enthusiastic outburst which occurred in the USSR. Americans were not dismayed at the prospect of having to finish off Japanese resistance: despite the secrecy shrouding the Yalta accord it was clear that the USSR would take part in the war in the Far East and that Japanese militarism would soon be faced with the threat of inevitable collapse. The USA was much more frightened by the multitude of domestic and international problems it would have to face with the coming of peace. Thus Americans spoke of the "end of the war" rather than of "victory", for there was little confidence in achieving "victory" over the approaching complex economic, social and political problems.

Fear and doubt seized all segments of society. The monopolies, given a period of respite during the war from a chronic sense of unease about the economy, now most of all feared a reduction in profits. They were also frightened by the possibility of a return to the social reformism which

had prompted the New Deal and would threaten to confine their business initiative. The most reactionary monopolists even declared that reforms would lead to communism and demanded a rejection of the very idea that capitalists held social responsibility for the well-being of the less well-off. A book published in London by the Austrian Friedrich A. Hayek and entitled *The Road to Serfdom* served as a manifesto of sorts for these circles and found, along with the author, a warm welcome in the United States. Hayek argued that nazism and New Deal liberalism had the same roots and that all "Western civilization" (that is, the bourgeois system) would collapse if continued reliance on the ideas of "national economic planning" was to be the rule. Hayek's reactionary individualist views, giving a distorted reflection of the actual establishment of state monopoly capitalism in the advanced bourgeois states, were very convenient for the reconversion period, as the monopolies made every effort to disown government regulation in its liberal form.

The bearers of this viewpoint were opposed by no less influential bourgeois circles occupying positions of importance in the ruling elite and enjoying the support of a wide range of scholars with a neo-liberal orientation. Economists and sociologists of the Keynesian school, including Alvin Hansen, Adolf Berle and Herman Finer, warned the government against a return to "normalcy", pointing out what such a policy had led to in the 1920s. They called for caution in meeting false appeals for "freedom" and "democracy". In his monograph *The Road to Reaction* (1946) Herman Finer adroitly uncovered the reactionary thrust of these slogans when used by Hayek and others of his type. Finer noted that "... Hayek's *The Road to Serfdom* constitutes the most sinister offensive against democracy to emerge from a democratic country for many decades". Neo-liberals regarded the continuation of the New Deal, that is, of state monopoly, as the best recipe for combating the spread of socialism. They argued for a "welfare capitalism" and began to elaborate a broad range of concepts to fit the "new" capitalism.

During the initial postwar years there was an observable growth in the strength of neo-conservatism in the ideology and politics of the ruling class, a trend formed from advocates of "rugged individualism" and repentant neo-liberals. Neo-conservatives recognized the urgency of activating the state, but not at the frantic pace of the early Roosevelt years. As distinct from the neo-liberals, they endeavored to use state institutions to launch an offensive against the gains won by the working people during the New Deal period rather than to press on with liberal social reforms.

The fear holding Americans in its grasp was fundamentally an anxiety about the resurgence of a crisis state. Literally everyone anticipated a new crisis and was surprised when their fears were not realized. The economic engine functioned quite otherwise than it had in 1920-1921 and uncertainty was replaced by somewhat rosy hopes. Each social group and each individual strove to find a more secure and reliable niche in society as peace set in.

The first task facing the country was military and economic demobilization, as well as the lifting of controls, for during the war regulation had crept into all spheres of life. Reconversion began while the war was still being fought and was carried out under the overall guidance of the Office of War Mobilization and Reconversion. In 1944 Congress passed the GI Bill of Rights providing war veterans with certain social and economic benefits and thus removing them from the list of the potentially discontented. The law provided for unemployment benefits of 20 dollars weekly for up to one year and made available loans on easy terms for homebuilding or setting up a business. It guaranteed 4 years of free education, including study at technical schools and at institutions of higher education. The GI Bill of Rights was a timely measure, since 1945-1946 witnessed, according to Truman, a disintegration rather than a demobilization of the armed forces. The Pentagon planned to discharge 2 million soldiers over a period of a year, but because of a mass campaign "to bring the boys home" 12 million soldiers and officers had to be released.

Why, then, was there a boom and not a crisis during the

first 3 to 4 postwar years? The USA, as distinct from the European countries, not only had suffered no material destruction in the war but had actually gained a well-oiled production apparatus, which it had sorely lacked in the preceding ten years, and gained access to an immense foreign market. The war economy created favorable conditions for the formation of a sizeable domestic peacetime market. Despite high taxes the American population had substantial savings at their fingertips to spend on consumption, that had accumulated because of the constricted consumer market during the period from 1941 to 1945. It suffices to note that because of unfulfilled demand unspent liquid assets amounted to \$ 129 billion in 1945. These assets created an immediate demand for consumer goods and capital construction. An important role was also played by the policy of returning to the monopolies the immense sums of which they were divested during the war through excess profit taxes. Finally, we must not leave out of consideration the regulatory activities of the federal government, which through economic, social and other channels introduced an element of stability in the process of economic growth and took measures to ward off a decline.

The index of industrial output (taking 1947-1949=100), which had fallen from 110 in 1945 to 90 in 1946 due to the decline in war production and to the conversion of industry to peacetime production, rose in 1947 to 100 and in 1948 to 103. Throughout 1947 and 1948 unemployment held steady at 3.8 percent of work force (2.3 million workers).

With the help of the government the major corporations began to revamp war goods firms to turn out consumer products, and the process was completed in a relatively short time. Demand rose for new installations and for the replacement of outmoded or worn-out plant and equipment. Small and medium-size firms took advantage of the situation to gain a foothold in the sphere of non-durable consumer goods and the service industries, where they previously had much more difficulty competing with big business. While the war dealt a blow to petty production, the 1945-1947 period was one of some recovery of it.



The situation in agriculture was similar, for between 1945 and 1947 the market situation remained favorable. During this period the number of farms continued to dwindle, but the farm population increased (in both relative and absolute terms) as the migration to rural areas surpassed population outflow from the farms. In the interval between the two world wars this occurred only once, during 1933, and was caused by the desperate plight of millions of unemployed in the cities rather than by a boom in agriculture.

Wide circulation was given after the war to the idea of abolishing all forms of economic control established between 1933 and 1945 and particularly in the last five years of the period. Business was dead set against price controls but quite in favor of the freeze on wages which had helped restrain the unions. The unions fought determinedly against the continuation in altered form of the wage freeze after the war and simultaneously appealed for the retention of measures to curb speculation and inflation. The controversy over the fate of the government wartime control measures occupied a highly significant place in the period of reconversion. The Truman government could not agree to the abolishment of controls, for such action would have exacerbated the already bitter social conflicts. Prices rose precipitously. A black market flourished on the shortage of goods. It became a practice to sell inferior quality goods in a package with wares that were hard to come by. Barter was ubiquitous—an apartment exchanged for an automobile, a ticket to a football game for a bottle of quality liquor. Soap and sugar were also objects of barter. As price controls weakened the black market expanded beyond its wartime dimensions. Up to 75 percent of all new passenger vehicles were sold “under the counter”. In a series of blows striking at the control mechanisms Congress overrode Truman’s opposition and by the end of 1947 eliminated the entire wartime control administration. However, wartime conditions continued until December 31, 1946, while certain of the war powers given to the President remained in force throughout a large part of 1947. This indicates that the

ruling elite feared the uncontrolled development of market forces and of the economic struggle.

The individualist-minded monopolies accepted the rather protracted retention of the Presidential war powers primarily because they were in no position to resist demands for wage increases without government support. According to official statistics consumer prices rose by 31 percent from June 1946 to August 1948. In late 1945 and early 1946 the unions made an effort to win wage increases of 30 percent. Speaking at a meeting in New York in January 1946, William Foster said: “The United States is now experiencing the greatest wage movement in its history.” It began in the key sectors of the economy and encompassed the entire country. During 1946 alone, 116 million man-days were lost through strikes, a figure triple that for the war years. Both in terms of man-days of idleness and in numbers of strikers (4.6 million) 1946 stands as the record year in US history.

Initially Harry Truman placed high hopes on the conference of employers and union leaders designated for November 1945. He hoped that as in December 1941 an agreement would be reached on the basis of class compromise. In September 1945, just before the conference, the President came out with a social reform package, labelling it the “program of liberalism and progressivism”. The reforms were mainly concerned with problems of reconversion and directed at preserving the New Deal gains throughout the transition from a war to a peacetime footing. However, the November conference was a failure because of the stance taken by the NAM, which demanded the repeal of many of the laws adopted in the 1930s. As strike actions developed following the abortive conference, Truman took a clear stand with the employers and applied his war powers against the strikers.

Truman’s stance on the issue improved his reputation with big business, but dealt a blow to the coalition of liberal Democrats and unions established during the 1930s. This was a major factor in the defeat of the reform package the President had presented in a speech to Congress in Sep-

tember 1945. Reactionaries demanded the repeal of liberal legislation and a firm retreat from government interference with the prerogatives of the employer.

The liquidation of the wartime control bodies called for by monopoly interests in the changed circumstances represented only a dismantling, and a partial one at that, of the military bureaucratic apparatus. This should not be interpreted as a dismantling of state-monopoly capitalism, which had become the pivotal and determining feature of the entire structure of postwar American capitalism, much as the monopoly capitalism at the turn of the twentieth century had articulated the socio-economic essence of the bourgeois system in the USA at that time.

In the changed context government regulatory intervention now acquired a more refined cast, shedding the connotation of being a set of emergency measures. Despite the differences separating the reactionary individualists, the neo-conservatives and the neo-liberals on the question of the role of government, Congress, in February 1946, passed the Employment Act, one of the most important measures in the entire economic history of the USA.

The Employment Act made the President and government responsible for the overall state of an economy resting on the foundations of private ownership. The President was obliged to supervise the evolution of the economy, do everything possible to maintain employment, ensure the maximal utilization of the country's material and human resources, and present an annual message to Congress on the state of the economy. The President's yearly economic reports to Congress, drawn up by the Council of Economic Advisers, contain both official analysis and recommendations. They are a source of utmost importance in the study of the post-war socio-economic history of the USA.

The state-monopoly foundations of postwar capitalism are immediately visible in any analysis of the budget, of banking and financial policy, of reproduction, social legislation and arbitration in labor relations as well as of the bourgeois ideology of the USA. Thus the development of American capitalism into a state-monopoly form, an objec-

tive process that advanced at a forced pace between 1933 and 1945, was not amenable to reconversion in the postwar period. This was despite the powerful assaults that individualists, inspired by the temporary and specific conditions obtaining between 1945 and 1948, launched on the policy of regulation. Satisfaction was achieved by the repeal of emergency controls, and the complainants joined the mainstream of business supporting state monopoly development.

The continued war footing of the economy even after peace had been achieved was a major contributing factor in strengthening the state-monopoly foundations. The American economy had not succeeded in fully reconverting industry when militarization was again introduced; in fact many industries were little affected by the reconversion process. The militarization of the economy in 1946 to 1948 must be understood not as an increase of military outlays as compared to 1945, but as a radical step-up relative to the prewar period. In 1940, the direct military expenditures amounted to \$3.5 billion, while in 1948, the lowest point for the entire postwar period, they stood at \$13.4 billion (in fixed prices). The militarization of the economy became a constant in US economic development even in the very period of transition from war to peace. The inclusion of military outlays as an important prime mover of economic development took firm hold in the theoretical constructions of economists maintaining close ties with the ruling elite.

The militarization of the economy and development of state monopoly capitalism were given a firm push by the establishment of the atomic industry. It drew into its orbit numerous branches of the economy and engendered new military doctrines as well as new political and psychological theories in which the power of the state was given a decisive role. After heated debates Truman, on August 1, 1946, signed a law worked out by Senator Brian McMahon, creating the Atomic Energy Commission (AEC). The law instituted a monopoly on fissionable material and turned full and final authority over its production into the hands of this commission. It gave the President of the US sole authority in deciding upon the use of the atom bomb for war pur-



poses. At the insistence of Arthur Vandenberg the Commission was required to consult with a special military committee designed to represent the voice of the military in determining the US atom policy. This was the cornerstone of the alliance between business and the Pentagon.

During the reconversion period the necessary attention was devoted to the reorganization of the state apparatus. In 1947 the National Security Council was set up as the highest consultative body under the President to make advisory decisions on domestic and foreign security questions. The same act established the Central Intelligence Agency (CIA) and shuffled up the military bodies. The secretaries of the Army and the Navy were replaced by the National Military Establishment, soon renamed the Department of Defense. Only the Secretary of Defense received cabinet rank, while the secretaries of the Army, the Navy and the Air Force were placed under him. James Forrestal was the first Secretary of Defense, succeeded in March 1949 by Louis A. Johnson. In both of the security services at top level, the National Security Council and the National Security Resources Board, the leading role was played by the military, who in turn were tightly linked with big business.

At the urging of Truman, who served without a Vice-President until 1949, Congress in 1947 passed still another important measure—the Presidential Succession Act, which placed the Speaker of the House and President pro tempore of the Senate (presiding in the absence of a Vice-President) ahead of the Secretary of State in the line of succession in the event of the death, resignation or impeachment of President and Vice-President. In this same year of house-cleaning the Republican Congress approved the Twenty-Second Amendment to the Constitution, prohibiting a President from serving more than two full terms. The amendment came into effect on February 26, 1951. This represented both a revenge of sorts by the Republicans against the Democrats and a guarantee that a new reformist-minded President could be replaced in due time.

During the period of reconversion the question of the state-monopoly development of the United States during

peacetime was decided affirmatively. The New Deal of the 1930s remained in force, as regards the state monopoly elements, while the liberal social reforms, its other major aspect, were stripped away. A wave of reaction swept through domestic politics.

## 2. The Onslaught of Domestic Reaction

World War II cleared the way for delivering a heavy blow against all progressive trends in the United States. In this aspect the situation in postwar America was diametrically opposed to that prevailing in Europe, and the rest of the world. A major move in the right-wing offensive was made during the congressional elections of 1946 in which for the first time since 1930 the Republicans gained majority in the Senate, and for the first time since 1928 controlled both houses of Congress. In the new, Eightieth Congress a coalition of Republicans and reactionary Democrats held sway.

The end of the war signalled the activation of numerous law-making committees concerned with revision of the labor legislation. The bourgeois press subjected the unions to a profusion of criticism, labelling them as something almost "un-American".

Truman's State of the Union address to Congress on January 6, 1947, contained four points touching on the settlement of labor disputes. Warning against repressive legislation the President nevertheless called for measures against secondary boycotts and other such anti-labor variants. Capitol Hill only paid attention to this part of the address, and ignored the President's plans for the expansion of social benefits, improvements in health care and an increase in the minimum wage. Putting Republicans (Robert Taft and Fred Hartley) at the head of the labor commissions in both houses, Congress devoted its attention to the anti-union proposals which had been batted about in 1945. After a bitter and long debate Congress, on June 23, 1947, overrode the President's veto and made into law the Labor-

Management Relations Act, popularly known as the Taft-Hartley Act.

The act forbade unions from engaging in "unfair labor practices", a proviso extended only to managers in the earlier Wagner Act. This was the most important innovation in the new labor legislation. "Unfair labor practices", subject to restraining measures by the National Labor Relations Board, included: the introduction of the closed shop principle in collective agreements; inducing an employer to discriminate against an employee who had been discharged from a union for any reason other than the failure to pay dues (an incentive to strike-breakers); restraint or coercion of employees in their right to organize into trade unions (a limitation on organized campaigns to attract new members); refusal to bargain collectively with an employer; inducing a strike or boycott with the purpose of forcing an employer to institute a closed shop or recognize a union not certified by the NLRB or to force management into recognizing a union when another had been certified by the board, or to force management to reassign work to members of a certain union, instead of one already certified by the NLRB (this entire complex of measures was designed to prevent the emergence of radical unions and undermine the progressive organizations in the CIO); charging excessive initiation fees when a union shop was in existence (a blow at the union shop and interference in the internal affairs of unions as a whole); attempting to cause an employer to pay for work not actually performed or unnecessary (cutting off the possibility of resisting the intensification of labor by taking workers off the payrolls).

The Taft-Hartley Act considerably undermined the workers' right to strike, the legality of which was made conditional on goals, timing and methods of conduct. Certain strikes were prohibited by virtue of the "illegality" of aims. Those striking in the name of "legitimate" goals were divided into two categories; "economic strikers" and "unfair labor practice strikers". A strike could be prohibited if "illegal" methods (mass picketing, secondary boycotts, etc.) were applied toward "legitimate" goals. Participants in strikes

often lost the right to take part in elections of workers' representatives of the NLRB. The lack of precision in the terms of the law concerning strikes left final judgement in the hands of the NLRB. Federal employees were specifically prohibited from striking. In a strike of company employees threatening to create a "national emergency" the attorney general was authorized to secure an injunction prohibiting the strike, which was to run for 80 days. Trade unions that held a strike in violation of any article of the act lost all right to protection from "unfair labor practices" on the part of management and were subject to punishment by law. Court injunctions, which had been stifled by the Norris-La Guardia Act of 1932, proliferated once again.

With the Taft-Hartley Act reactionary Republicans and Democrats eliminated the principle of unregulated collective bargaining supported by individualists of earlier times (that is before the New Deal)—thus showing that their urge for free enterprise was of real meaning only in the struggle against liberal methods of government regulation. In the Taft-Hartley Act the government presence was felt at all stages of labor relations, from start to finish, from binding recommendations to take up collective negotiations and preliminary drawing up of their essential points, to actual regulation of conflicts. The conservatism and reactionary nature of this government intervention was apparent at every level. Under the pretext of "national interest" the lawmakers imposed government mediation in every aspect of labor relations and created a special Federal Mediation and Conciliation Service.

With all the flaunted individualism of the Republicans and their verbal adherence to individual freedoms, the forces responsible for the Taft-Hartley Act did not hesitate to cut deeply into labor union freedom. They were especially disturbed by the possibility of a left turn in the unions under the influence of radical elements or during participation in election campaigns. The Act prohibited union contributions and expenditures in election campaign of persons running for federal positions. Section 9 enjoined the NLRB from investigating a complaint of management's unfair labor



practices or from holding certification elections if the union turning in the complaint or petition had not already filed with the secretary of labor a report showing the union's internal structure and finances and including the union character.

The Taft-Hartley Act was the logical culmination of an entire period in the evolution of US domestic politics beginning at the end of the 1930s.

A second law of major importance adopted by the Eightieth Congress was the tax reform. From the early 1930s, the conservatives and reactionaries differed from the liberals, among other things, in that the former adhered to the theory of a "balanced budget", while the latter advocated the Keynesian doctrine of extensive government spending. Of course, the Republican Congress could not eliminate budget deficits, for during the period of state monopoly capitalism this notion has become an unrealizable dream. But it did succeed in reducing the tax bite on the more prosperous strata. According to the new law, families with incomes under \$2,400 received a tax cut of 3 percent, while those with incomes up to \$10,000 won reductions of 8 percent, with incomes of up to \$20,000—of 15 percent, and over \$100,000—of 48 to 65 percent.

The state legislatures did not lag behind the federal Congress in coming up with a reactionary domestic policy. They rushed to take advantage of Section 14(b) of the Taft-Hartley Act which permitted states to outlaw any union guarantees regardless of federal statutes. A wave of anti-worker legislation swept not only the Southern, South-Western, Pacific Coast, Rocky Mountain and Great Plain states, but also the industrial states of the North-East and the Great Lakes. The offensive against trade union rights was massive in scope. In sixteen states, laws were passed banning the closed shop and other forms of union guarantees. This marked the beginning of the "right to work" campaign which continues to this day and which, under the pretext of providing individual workers access to work, actually undermines the unions and strikes at collective as well as individual interests of the working people.

The ruling circles made a special effort to isolate the Communists and all progressive forces from the unions, to drive a wedge between the two, crushing the first and imposing strict restrictions on the latter. In the struggle against the communist and progressive movement the ruling class demonstrated a high level of unity, which weakened liberal resistance to the anti-union drive of the reactionaries. Truman himself, though imposing his veto on 62 pieces of reactionary legislation passed by the Eightieth Congress, stood at the forefront of the effort to weed out "disloyal" elements from the enormous government bureaucracy. Roosevelt had begun the process by calling for strict vigilance during the war and by insisting on verification of the loyalty of government functionaries. On March 22, 1947, Truman issued an order calling for a "check-up on the loyalty" of public servants in order to drive radicals and others out of favor with the forces of the right from the government bureaucracy. But this only whetted the appetites of the reactionaries.

In the summer of 1948 reactionary circles began to accuse the ruling Democrats of being "soft on Communism". Truman, hoping to remove this election campaign trump from his opponents' hand, brought 12 leaders of the CPUSA before the courts under the Smith Act. Persecution of Communists was already under way in 1947. The House Committee on Un-American Activities (HUAC) and the attorney general competed in drawing up lists of "subversive organizations". All this activity was accompanied by jingoist slogans and references to the threat of world communism. While in 1946 public opinion polls indicated that only 3 percent of the population believed that a new war was inevitable, by 1948 the figure had soared to 32 percent. Freedom of thought went out of fashion. Radical newspapers and journals became the target of reactionary smear campaigns. The idea of class harmony, so important for the strengthening and defense of "national interests"—particularly from external threats, and from communists—now was a leading item on the agenda. During these years the once influential school of critical realism joined the bandwagon of conformity and

support for the bourgeois system and a pleiad of new literary figures appeared arguing for the superiority of the "American way of life".

In the interval between 1945 and 1948 the conservative and even reactionary nature of domestic policies in the USA came to the forefront. A leading role in this turn to the right was played by the Republican Party as a political force and Congress as a body of state. The majority of Democrats and President Truman himself were not able to come up with anything effective to resist the reactionary offensive and at times, prodded by the foreign and domestic interests of the business community, which had been considerably strengthened during the war years, actually contributed to the success of the swing to the right.

### **3. Imperialist Foreign Policy Doctrines. The Unleashing of the Cold War**

The protagonists in the formation and conduct of US foreign policy in the immediate postwar years—Harry Truman, Arthur Vandenberg, James Byrnes, Dean Acheson, George Marshall, Averell Harriman, John F. Dulles, George Kennan and others—were unanimous in the observation that they were present during the most radical shift in the history of US international relations and one which caught them off guard.

The outcome of the war fundamentally altered the global situation. The key to the new balance of forces was the augmented international prestige of the USSR, the growth in the popularity of socialism and along with it of the ideas of a social and political renewal throughout the globe. But this was exactly what the reactionaries of the 1930s had wanted to do away with by unleashing a world war and what the bourgeois circles of the West were dead set against when they fought against fascism and planned to return the world to the traditional bourgeois order. However, the peoples of Europe and the other continents were not in favor of returning to the old framework which had given birth to

fascism, in which colonialism, social inequality dominated and internecine war was recurrent. The world had been considerably revolutionized and the general crisis of capitalism had entered a new stage.

Ruling circles and many bourgeois men of property in the USA looked upon these developments as spelling the end of the world. A number of events frightened them—from the establishment of people's democracies in a number of European countries to the defeat of Churchill's Conservative government in the elections in Britain (for they regarded Churchill as the symbol of liberated Europe). Still, imperialist forces in the US did not fail to notice the broad vistas opening up for the "American century", for their traditional rivals and enemies had been put out of commission for a long time to come. Advocates of expansionism won more and more supporters, for such an approach was most fitting for both international and domestic conjunctures.

The bourgeois circles in the USA were far from an objective understanding of the socio-political import of the recent events in the world. They put "Kremlin intrigue" at the root of the changes, and heaped only slightly less blame on communists in general. "The communist threat" was the catch-all phrase expressing their comprehension of the changes in the world about. This is to be explained by the socio-class framework imposed on the perception of the world situation as seen by imperialist forces in the United States rather than by "mistakes" of an adventitious nature. The specious constructions they erected were fully logical theories from the viewpoint of the interests of world imperialism, the citadel and chief defender of which was now the USA.

The combination of fear and optimism thus gave birth to imperialist doctrines and imperialist foreign policy in this era.

Coming into contact with reality the US ruling circles soon learned that it was no easy task to answer for the fate of world capitalism, whose reputation had been sullied in 1929-1945. Proponents of the "American century" were



soon forced to admit that the era was much more short-lived than had been the Roman, Spanish, or British. The enervated capitalist world was, however, in a state of complete dependence upon the USA. It could push no further, for the USSR and the countries of people's democracy were now an insuperable barrier for American expansionism. Furthermore, within the confines of the capitalist world US dominance was by no means unconditional, and constant resistance gradually eroded this position. The US ruling circles were indignant at what they considered insufficient support from the other capitalist governments in the execution of their exalted and responsible mission. But these governments could not keep up an unmitigated pro-American stance because of the insecure standing of the big bourgeoisie in their own countries. The government and broad segments of the US bourgeoisie could not confine themselves within the framework of traditional policies in dealing with complex international issues, so they began to work out new concepts reinforcing them with imperialist actions. But all this came with time. The year separating autumn 1945 and the November Congressional elections of 1946 was to witness a bitter struggle between the weakened proponents of cooperation between the Great Powers and the triumphant forces of imperialist expansionism.

The attitude to the agreements concluded during the war now changed radically, as many saw them as a total "betrayal" of American interests. An influential group of Republicans headed by Robert Taft went as far as casting doubt upon the correctness of US participation in the war in collaboration with the Soviet Union. This position was not distant from that held by the supporters of Arthur Vandenberg. To be sure, they did not call US cooperation with the USSR a "mistake" but did find a plethora of "miscalculations" committed by the USA *vis à vis* the Soviet Union. President Truman, making a timely assessment of the strength of this Republican group, increasingly relied on them in the conduct of foreign policy. This marked the consolidation of the bipartisan foreign policy which had taken shape during the war, and which rested fundamentally upon

an alliance of Truman Democrats with the Vandenberg-Dulles grouping.

First of all, attention was devoted to the formulation of a hard line against the USSR. Initially, this was no easy task, but at the end of 1945 and the outset of 1946 a marked turn for the worse occurred in the Soviet-American relations. This swing was so abrupt and precipitous that even the hard-liner Byrnes had trouble keeping abreast of it. In December 1945, a scheduled session of the Council of Foreign Ministers (CFM) took place in Moscow. Logically, it touched upon the two overriding questions of the time—the drawing up of peace treaties with the countries which had been involved in the war on the side of Hitler, and control over atomic energy. To the dismay of Vandenberg, Truman, Dulles and all other proponents of "intimidating the Russians", the Moscow session of the CFM came to positive conclusions. On December 23, 1945, Stalin communicated to Truman: "I take it that you have been informed of my first talk with Mr. Byrnes. We shall meet for further talks. But I feel I can already say that on the whole I am optimistic as to the results of our present exchange of views on urgent international problems, and this, I hope, will provide further opportunities for coordinating the policies of our countries on other issues."

Such an evaluation of the prospects of American-Soviet relations was little to the liking of Washington and even sowed alarm within Truman's circle. There was no reply to the letter, and this marked the end of correspondence between the two heads of government. But then instructions were urgently despatched by Byrnes, whose stocks fell precipitously. He was regarded as too "soft" on the Russians. Truman does not conceal in his memoirs that at the time Arthur Vandenberg helped him figure out Byrnes. In a letter to Byrnes dated January 5, 1946, the President instructed the secretary of state in the following manner: "Unless Russia is faced with an iron fist and strong language another war is in the making. Only one language do they understand—'how many divisions have you?'". The letter closes with the statement that he was "...tired of babying

the Soviets". Truman himself calls this incident the "point of departure" in US foreign policy. In January 1946 Byrnes' resignation as a secretary of state was decided, although he actually held on to the post for another year.

In February 1946, the shift in American-Soviet relations and in the entirety of American foreign policy progressed still further. On February 28, Byrnes was to make an important foreign policy speech. Vandenberg gave his own speech in the Senate a day earlier in order to show Byrnes the "true" path. The Senate greeted with stormy applause both his call for a hard line towards the USSR and for the elaboration of a new foreign policy philosophy. Without mentioning the secretary of state by the name, Vandenberg inflicted a severe tongue-lashing on the US leaders of foreign policy. The next day it was Byrnes' turn. His speech in substance echoed that given by the senator from Michigan. The press applauded the firm language used in both speeches, and particularly the first, giving it priority in the reorientation of the country's foreign policy.

Some liberal newspapers and journals denounced the US slide towards an aggressive policy. The press organs of the CIO, the Communist Party and other progressive organizations countered these aggressive plans with a call for continued cooperation with the USSR. But they were drowned out by the voices of the supporters of a hard line.

Truman was so confident in the popularity of a hard line that he considered it possible to journey to his home town of Fulton, Missouri, in company with Winston Churchill, knowing that the retired British Prime Minister would give a speech there against "Soviet aggression". On March 5, 1946, Churchill declared that from Stettin on the Baltic to Trieste on the Adriatic an "iron curtain" had dropped over the continent and blamed the USSR for this. He called for the preeminence of force in relations with the Soviet Union. The advocates of "atomic diplomacy" in the USA were very pleased with this speech. But quite to the surprise of Truman the majority of the public and even hard line press evaluated the speech as a summons to war. At this very time the army was being spontaneously demobilized, demon-

strating the attitude of the American public toward the continuation of military operations. Churchill aroused no enthusiasm. The commander of an occupation unit in Germany, for example, gave an order forbidding the dissemination of the Fulton speech and in strong language condemned the aspersions cast at his Soviet comrades-in-arms. Henry Wallace in the cabinet and Claude Pepper in the Senate as well as a number of other prominent public figures cast their voices in support of a continuation of a policy of cooperation. Relying on the relatively strong progressive forces, they managed to impose temporary restraints on the final drift toward an aggressive position.

The US ruling circles were prepared for international "cooperation" under American-dictated terms, which excluded a turn to socialism by a number of countries, the establishment of progressive regimes in the West European countries and genuine rather than spurious decolonization. It was held in these same ruling circles that the USA had sufficient material strength to impose its hegemony over the globe. They called for haste in the knowledge that the atom bomb would soon be no secret to the other developed countries and above all to the USSR. Instead of the international control over nuclear production as suggested at the time, the government established unilateral and rigid control, not even giving access to the British and retreating from the wartime practice of consulting with London when the use of the bomb was conditional on British consent. The Attlee government, though after receiving a loan on easy terms of \$3.75 billion from the USA supposed to approve everything the USA said and did, still felt it necessary to lodge an ineffectual protest. "Atomic diplomacy" came firmly to the fore in 1946. On July 1, on the eve of the Paris session of the CFM, Americans conducted the first peacetime tests of the bomb, and followed this up with another test on July 25.

In the summer of 1946 Dulles' foreign policy speech in defense of an openly imperialist course was greeted with enthusiasm. The President and the secretary of state, trying to undercut the Republican accusations of being "soft on



the Russians" took new steps in the direction of a hard line. During the session of the CFM in Paris, Byrnes, accompanied by Vandenberg and Connally, arrived in Stuttgart and gave yet another aggressive speech—now encouraging German revanchism.

In the summer and autumn of 1946 the supporters of Wallace made their last attempts to convince the President to take a more temperate position toward the Soviet Union and East European countries. Truman continued to waver. In a speech to a major gathering in New York on September 12, Wallace, with the go-ahead of the President, lashed out at advocates of a hard line toward the USSR, indicating that such a course simply played into the hands of English imperialist circles. He concentrated his fire at the Republicans who were pushing the country toward reaction in all policy aspects. This speech and Wallace's memorandum on foreign policy dated July 23, 1946, but published later provoked a stormy reaction in the press and among politicians. Republicans threatened to make Wallace's speech one of the central issues in the 1946 election campaign. In addition, Truman was under pressure from Democrats and also his Cabinet members, particularly the Secretaries of the Army and the Navy. The President, long burdened by the presence of Wallace in his cabinet, decided on January 20, 1946, to dismiss him arbitrarily and filled the vacancy with his ambassador to Moscow, Averell Harriman, a hard-liner.

The removal of Henry Wallace was an important signpost in the history of this foreign policy conflict in the early postwar years. At this time the press began to change its tone about Churchill's Fulton speech: the "wisdom" of this English counterpart of Vandenberg and Dulles was now praised to the skies. The "iron curtain" was firmly established in the American political vocabulary. The elections of 1946 wrapped up the struggle and erased all doubts: the reactionary Republicans won a solid victory. Some newspapers called for Harry Truman's resignation. It was suggested that he leave office after pointing Arthur Vandenberg to the position of secretary of state—putting him in direct line for the presidential succession according to the

Constitution as it stood at the time. But again Truman demonstrated that he was singularly adept at learning his job as President. In 1947, with the support of numerous advisers and experts, he provided an elegant formulation and practical implementation to the bulk of imperialist ideas which were being floated in Washington by business associations, corporation boards, military staffs, foreign policy research centers, major newspapers and influential individuals. Now US foreign policy took on a note of clarity.

This found its expression in a number of foreign policy actions and doctrines, in which 1947 was truly a bumper year. It was this year which marked the true beginning of the modern foreign policy of the United States. In January General George Marshall was appointed Secretary of State and gave body to the unity of officers and diplomats and to the new role of the military cliques. Foreign policy became military policy, a fact laid down in official government doctrines. They were given formulation both in the quiet of the plush office and in field conditions of tense confrontations. Tension points emerged throughout the globe and Washington was quick to react.

These were the circumstances surrounding the birth of the Truman Doctrine on March 12, 1947,—after the British government reported to the White House that it could not "defend democracy" in Greece and Turkey where the reactionary regimes were hanging on a shoestring. Truman immediately announced that the USA would always "support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures". To back up his words he asked Congress to provide \$400 million, which was soon forthcoming. The Truman Doctrine, thus, proclaimed the military and political interference of US imperialists in the affairs of those countries where domestic reactionaries did not have the strength to cope with the revolutionary and democratic movement. Unilateral military and political intervention in the affairs of other states was given official sanction by Congress. This represented a fundamental retraction of old traditions. In American political literature the new tenet was ranked by its significance with the Monroe

Doctrine. Now Harry Truman's reputation was given a boost within the US ruling elite, many of whom still regarded him as a "New Dealer" who had no business being in the White House. Wide echo was given in the press to a phrase uttered by Bert Andrews of the *New York Herald Tribune*: "Harry Truman is becoming President of the United States."

It was obvious that the bourgeois foundations in Europe could not be reinforced by military and political means alone. A number of bureaus in Washington hummed with plans for massive economic incursion to restore the prewar economy, shore-up the socio-political structure, undermine the growing influence of Communists and Socialists and firmly implant the American presence. This set the stage for the Marshall Plan which the secretary of state first outlined in a general form at Commencement ceremonies at Harvard on June 5, 1947. The USSR and the People's Democracies refused to take part in the plan, pointing out its imperialist, expansionist nature. American aid was accepted by 18 states, including Kuomintang China. All in all the recipient countries were given \$12.5 billion between 1948 and 1951. This was no small sum. In allotting it the US ruling circles were pursuing strategic imperialist goals which were in fact to a large measure satisfied.

The adoption of the Marshall Plan again added fuel to the domestic political conflict. The progressive press exposed the imperialist underpinnings of the plan. Wallace travelled to a number of European states to appeal to the peoples and governments of those countries not to accept this *gift of the Danaos*.

The originators of the plan promptly set about stirring up anti-communist and anti-Soviet sentiments. For the first time matters were carried to the point of a war hysteria. In February and March 1948, Secretary of Defense Forrestal checked up on the war preparedness of the various armed service departments. The Marshall Plan had its opponents of another type as well, namely, the Taft group which did not believe Europe deserved a multi-billion dollar donation, believing that this was just throwing money to the

wind. But the war fever did its work. Taft, not wanting to be excluded from the list of patriots, lent his support to the Marshall Plan, which went into law on April 2, 1948.

In 1947, the containment theory also made its debut. The sponsor of this doctrine was an unknown third-rate functionary in the State Department named George Kennan, who immediately was given great publicity. Bringing together the various strands of foreign policy ideas he wrote that "...the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies". The author of the containment theory took many elements of his scheme from real life, for US foreign policy was already engaged in just what Kennan recommended. The doctrine was seized upon by propaganda organs and elevated to the rank of official policy. All subsequent imperialist foreign policy doctrines in the US were mere elaborations and correlations to the central proposition.

The "containment of Russian expansionist tendencies" began in South and Central America. On September 2, 1947, the Inter-American Treaty of Reciprocal Assistance (known as the Rio Pact) was signed. This was the first time in US history that the country entered a military alliance during peacetime. The pact elaborated and expanded the terms of the Chapultepec Act of 1945, which had proclaimed that an attack on one American state would be met by the resistance of all countries participating in the treaty. The USA had made a significant advance in subordinating the Latin-American states to its authority. In order to carry through the shoring up of the American continental rear lines, in 1948 a conference was called in Bogota, where the political machine of the "American system" was restructured and the Organization of American States (OAS) was established with the Pan-American Union in Washington serving as permanent secretariat.

Now it was time for the USA to turn its energies to forming blocs with the European states. But here both sides had to pass over rougher ground than that traversed in creating the "American system". It was difficult to realign



the European states against the country which had played the decisive role in defeating the nazis. Here the Marshall Plan was of no small help. To make matters more convincing the "Berlin crisis" was cooked up in the spring of 1948 and left simmering for an entire year. Already in the second half of 1948, the European states under the Marshall Plan were more receptive to the idea of a military bloc with the United States. But there were domestic obstacles as well. The entry into a peacetime military bloc with the European states violated a century-and-a-half long American tradition in foreign affairs. Deciding to make such a radical step the US ruling elite increased its "softening" of American public opinion. A new expression was added to the American political vocabulary—that of "cold war". When the climate of cold war had been established it became possible to reject certain outmoded foreign policy concepts. Once again Vandenberg was the man of the hour. It was at his initiative that on June 11, 1948, the Senate adopted a resolution permitting and suggesting that the President enter into mutual defense pacts with the "free world" countries. The Vandenberg Resolution gave further indication that the United States had no intention of observing UN principles when they clashed with US imperialist goals.

The way was now open to the creation of a military bloc with the European states against the USSR and the People's Democracies. By the end of 1948 the secret negotiations between the prospective partners neared completion.

#### **4. The Trade Unions and the Communist Party in the Immediate Postwar Years**

World War II exerted a contradictory influence on the development of the labor movement in the USA. On the one hand, the trade unions grew numerically and were organizationally strengthened. At a conference of labor leaders and management in November 1945 the latter, for the first time in US history, officially recognized the collective bargaining principle as the basis of labor relations. On the

other hand, the anti-monopoly thrust of the movement was blunted after the strenuous activity of the 1930s. The war encouraged the illusion of "national unity" and made businessmen the legitimate leaders of a united "national team" in the eyes of the average working man.

With the end of the war, management was faced with serious demands for wage increases and with the most powerful strike wave in US history in support of these demands. The result was a record wage increase, which warded off a decline in living standards for millions of working people and simultaneously helped boost demand on the market. Despite the significance of this massive strike movement it should be observed that it was overwhelmingly an economic drive. Communists made a number of efforts to give it more political ring. At a gathering in New York on January 15, 1946, William Foster proposed the establishment of a national strategic committee of representatives of all the main trade unions to work out a common program to heighten the efficacy of strike demands for wage increases. He called for linking this campaign with the fight against the reactionaries in Congress and against concessions to the rightists from Harry Truman, and for more active participation in the advancing autumn elections. He also urged the introduction of the idea of nationalizing all the key sectors of the US economy. But these proposals were not properly received even by the left-center wing of the CIO, not to mention the right wing and leadership of the AFL.

The bourgeois press and labor relations experts (among whom the neo-conservative S. Slichter played a prominent role) alleged that strikes were fruitless and even harmful and that wage increases would lead to inflation undermining the "national interests" of the country. The "national interests" theme exerted a fatal influence on the entire history of the postwar labor movement. Though completely a sham since "national interests" were formulated by ideologues of the monopoly bourgeoisie and were in fact state-monopoly interests, this idea won over labor leaders. The AFL leaders opposed the reactionary monopolists and politicians, but did not go beyond the framework of "national interests", which left them

squarely within the general current of state-monopoly ideology. They disarmed the workers with appeals for "national unity" and "industrial peace" in the pages of nearly every issue of the *American Federationist*. In January 1947, not long before the passage of the Taft-Hartley Act, William Green reduced all the concerns of the trade union movement to that of promoting "unity" with management and defending "free enterprise" from "...the few extremists whose refusal to keep in step with the times threatens the welfare of our country". The AFL President was hurling these epithets at the "extremists" in the left wing of the CIO and in the Communist Party. The Green-Meany-Lovestone clique directing AFL policy turned their fire to attack the left.

Relations in the CIO leadership were much more complex. For the first ten years after the formation of this labor confederation, the leadership was held by centrist and leftist forces, who despite frequent internal disagreements, managed to preserve unity on a number of key questions. Finding themselves at a major crossroad at the end of 1946 the members of this coalition reached a critical point and soon fell completely apart. The centrists under Philip Murray, Jacob S. Potofsky and Van A. Bittner stood by the earlier platform of the CIO, while more influential forces led by Walter Reuther, James B. Carey and other major union leaders slid sharply to the right, submitting to the notion of "national interests" and preparing the soil for a break with the left and the World Federation of Trade Unions. The left, progressive wing of the CIO tried to maintain a united coalition with the center and prevent a turn to the right in the wake of the AFL leaders. The Communist Party lent its active support and within a short period worked out a line of conduct for the unfolding domestic and international situation. Its approach wholly coincided with the interests of CIO unity as well as that of the entire trade union movement. But the right wing of the CIO, coming under intense pressure from the AFL, corporations and even government bodies, took an aggressive stance against the Communist Party.

The Communists and all radical and progressive elements of the working class did not fit in the concept of "national

interests" for a number of reasons. The so-called "national interests" were inconceivable without furthering monopoly dominance, but it was just this which all left forces had been opposing for more than a decade. The presence of the Communists and the CIO left wing in the system of "national interests" was particularly intolerable from the point of view of foreign policy. The nation taking upon itself worldwide responsibility for the fate of the capitalist order and moving in the direction of global dominance could not allow activity within its own confines which would impede progress along this highroad. Both considerations had anti-communism as their common denominator and a very inclusive range of criteria determining allegiance to communist views or communist activity.

Joining in the anti-communist foreign policy promulgated by US ruling circles, the American union leadership took a more rigid position against the Communists and all left forces within their own ranks. This came more easily for the AFL, for suppression of the left had always been the policy of the leadership. It was a different matter with the CIO which had been established with the active participation of Communists and radicals. Therefore, the process of "liberating" the CIO from leftist influence was a long and difficult one. But it took shape immediately after the war. The cold war took its toll, and the 1946 CIO convention, at the initiative of the right aided by an indecisive center headed by P. Murray, adopted a resolution which rejected "communist interference" in trade union affairs. Unions with a combined membership comprising one-fourth of the CIO rolls were now placed under a threat. But at the time the right wing could not push any further or win sanctions against organizations that were "communist-dominated". The convention even voted in a resolution proposed most forcefully by the left against the rebirth of fascism and militarism in Japan and Germany, and for fulfillment of the agreement between the great powers on complete demilitarization and on the liquidation of all remnants of fascism. At the same convention important progressive decisions were made on domestic policy. The CIO made preparations for a "march on the



South" to penetrate the fortress of anti-unionism established by management working hand in glove with reactionary forces in local government.

Hoping to keep abreast of its rival, the executive committee of the AFL also geared up to carry out a major organizational campaign in the Southern States. Management and the state authorities in the South trembled at the prospect. Their fears were only increased when they saw that the drive begun by the two federations met with immediate success.

It was precisely at this point that the political and organizational incohesion of the entire substructure upon which the AFL and CIO was setting about to organize the postwar trade union movement became evident. The "march" was poorly prepared, for the main forces were concentrated on strengthening the "national interests", on the struggle against communism and on rooting out all fresh ideas and actions in the union movement. The leadership was incapable of even mounting a substantial effort in the election campaign of 1946. US Congress received an influx of new members who were bitterly anti-unionist. The union leaders now saw that they had been dealt a severe blow. Still, they hoped that liberals on Capitol Hill would hold back the mounting forces of reaction and prevent the passage of anti-union legislation.

Taking advantage of the deflection of union forces to the struggle against communism and of the adherence of AFL and CIO leaders to the "national interests" concept Congress passed the Taft-Hartley Act. Labor union growth was stopped in its tracks. In 1945 union rolls included 14,322 million members (excluding Canadian membership); in 1948 it stood at 14,300 million. More specifically, this included roughly 7 million in the AFL, another 5 million in the CIO and the remainder in unaffiliated unions.

It would be incorrect to say that the American union leadership did not resist the passage of the Taft-Hartley Act. In fact, resistance was most active at the concluding stage. In June 1947, numerous steps were taken to exert influence on Congress and the President. Truman was called upon to impose a categorical veto. Huge meetings were organized in

major cities. But the AFL leaders could not act in coordination with the CIO even at this critical juncture. On June 4, 1947, they organized a demonstration in New York's Madison Square Garden. A few days later (June 10, 1947) the New York Council of the CIO joined with the local CP organization in bringing about a massive demonstration against the Taft-Hartley Act. More than 100 thousand workers marched under CIO banners in the streets of New York. These actions, together with liberal outpourings in the press and over the radio assured a presidential veto, but did not prevent the bill from becoming law without the Chief Executive's signature.

With the passage of the Taft-Hartley Act the labor movement was faced with the problem of coming to grips with the statutes of the law. The Communists and the left wing of the CIO called both for resistance to the law in practice and for a major political campaign for its immediate repeal. These proposals were in part supported by the leadership of both confederations. AFL and CIO lawyers provided a weighty legal rebuttal of the statute, and demonstrated its unconstitutionality. However, the union position was undermined by the fact that the AFL and CIO leaders had deployed their main forces against a fictitious enemy as defined by the ruling elite. In their public speeches on the Taft-Hartley Act, Green, Dubinsky, Reuther and almost all other leaders did not let pass the opportunity to observe how relentlessly they were struggling against foreign and domestic communism.

Paralyzed by anti-communism and by blind allegiance to the "national interests", the AFL and the CIO did not exert the necessary political resistance to the postwar offensive by the reactionaries and to the sharp swing to the right in government policy as a whole. The measure of resistance to the provisions of the law by the upper and middle ranks of the unions was demonstrated when they were confronted with the necessity of proving that they were not affiliated with the Communist Party. The left wing of the CIO as well as John L. Lewis and some other AFL leaders called for a firm rejection of this demand and for a boycott of the newly created National Labor Relations Board, in other words, to

ignore the law and make it virtually inapplicable. But in September 1947, William Green called upon all unions to obey the law and promised the workers that the new Congress would rectify the situation. This ruled out the union resistance and represented an act of conciliation with the new labor policy of the ruling elite. At the AFL congress in October 1947, the entire federation leadership followed the defeatist course set down by Green. Only John L. Lewis refused to sign an anti-communist affidavit. He ridiculed the inconsistency of the AFL leaders who were calling for observance and repeal of the reactionary law at the same time. The President of the UMW commented caustically on the cowardice of labor leaders. Next the AFL heads altered the charter of the federation, designating only the president (William Green) and secretary-treasurer (George Meany) as union officers, leaving the 13 vice-presidents (including Lewis) as simple members of the executive board. The anti-communist affidavits were forthcoming. In the CIO this was carried out at the individual decision of each union, and the question was decided in favor of observing the law. By the end of 1948, more than 80 thousand union functionaries had signed anti-communist affidavits. Of the major unions only the United Mine Workers and the Printers' Union never buckled under the pressure. The capitulation was virtually complete and unconditional.

Now the union leadership could pitch in more energetically in cold war activities both home and abroad. This was of the utmost importance for the government for it was essential to the ruling elite to sell the Marshall Plan to powerful and reluctant European trade unions. The bigwigs especially needed the support of the CIO, for the AFL was already tamed and furthermore enjoyed little authority among the European unions. In the fall of 1947, Marshall himself appeared at the CIO convention in order to press his influence on the course of the debates. He showed up after the Truman Doctrine and Marshall Plan had both failed to muster majorities in the CIO commission on foreign policy resolutions. Marshall's speech to the convention was followed by the most heated political discussion in the entire previous history of

the CIO. The followers of W. Reuther managed to push through a vague resolution which still suited the government in that it approved the Marshall Plan in principle.

The Communist Party was forced to recognize that the right-wing majority under Murray and Reuther won a victory. The situation of the Communists and the entire left wing of the CIO took a sharp turn for the worse. At a session of the CIO executive committee in January 1948, the representatives of the left wing (some 1.5-million strong) again spoke out against the Marshall Plan and declared that they were not bound to support Truman in the elections. They also demanded that ties be maintained with the WFTU and that no ground be yielded in this question to the AFL. The Communist Party noted at the time that the left-centrist coalition had disintegrated in the CIO. At the CIO executive committee session of September 1948, the left-progressive bloc in the CIO ran into opposition with Murray on many other questions and set itself even further apart from the official leadership policy at the next convention. The CIO left had its own internal differences, but it remained united in its resistance to the cold war, to reactionaries and to their henchmen in the unions.

The Communists endeavored to resurrect the idea of independent political action by appealing to the traditions of the prewar movement for a third party. A central task posed by the 14th National Convention of the CPUSA in 1948 was that of working for the creation of a broad popular anti-monopoly and peace coalition led by the working class. The party believed that the progressive CIO unions could serve as the core of such a coalition, and millions of workers from both federations and the basic farm population would join in. The third party question was discussed in a number of major unions where rightist elements held sway in the leadership. But there the leadership always managed to deflect the issue by calling for support for the Democrats. In the postwar years criticism of the monopolies by bourgeois liberals, progressives and unionists fell off sharply, reducing the chances for a successful third party. The results of the elections of 1948 were to confirm this.



## 5. The Election of 1948

As the 1948 presidential elections approached, the basic outlines of US postwar domestic and foreign policy were already taking firm shape. In foreign policy, the ruling circles were solidly behind a platform of containment and cold war. Domestically, despite substantial unity in the striving to turn the country to the right, they were nevertheless rent by substantial differences over the way to adjust socio-economic policy to the realities of the monopoly state; in other words, on the degree to which government interference (and that of other economic, social, political and ideological institutions undermining "rugged individualism") was merited in domestic affairs.

Just as before the war, the Republican Party differed from the Democratic in its relative resistance to state-monopoly conditions and marked inclination for reactionary solutions to socio-economic problems. Its ranks included a far larger number of groups and influential personalities of the type of Robert Taft, who supported a less vigorous foreign policy, calling for more economizing and some reductions in the global commitments of the US government—all vestiges of prewar isolationism. Renominating Governor Thomas Dewey of New York as their presidential candidate, the Republicans came up with a reform platform which their own majority had rejected in Congress. They were confident of victory, and Dewey's adviser on foreign affairs, John Foster Dulles, was already grooming himself for the position of secretary of state.

The Democratic Party was deeply split as the election approached. The faction of liberals and radicals resisted the government slide to the right. The group led by Henry Wallace roundly condemned the current aggressive foreign policy. In 1947, Wallace organized the Progressive Citizens of America which called for a renewal of the New Deal domestically and cooperation with the USSR. In December 1947, Wallace announced his intention to run for the Presidency. In the same year other liberal figures who supported many of Wallace's domestic policy statements but were closer to

Truman on foreign policy and in his attack on the Communist Party organized the Americans for Democratic Action (ADA) to counteract the former Vice-President. Former supporters of Roosevelt, as well as a group of young liberals including Mayor of Minneapolis Hubert H. Humphrey, the historian Arthur Schlesinger and others were active in forming the ADA. The new organization gained support in many urban unions in the north-east. Eleanor Roosevelt was made honorary president of the ADA. These liberal Democrats handed Truman a list of demands, including one for increased federal intervention in the South to improve the economic, social and political status of the Blacks. This was a further irritant to the Southern bloc, which even before the Democratic convention had threatened to break away if the President followed the liberals. But at the insistence of Humphrey the convention included in its platform a statement on Black civil rights which made the split inevitable.

The Southern racists called their own convention in Birmingham, Alabama, on July 17, 1948, where they established their own States' Rights Democratic Party (known as the Dixiecrats) and nominated Strom Thurmond, Governor of South Carolina, as their own candidate for President on a racist platform.

A few days later the supporters of Wallace also broke officially with the Democrats to create the Progressive Party with Henry Wallace as its choice for President and Senator Glen Taylor (Idaho) for Vice-President. This was the first time since the La Follette campaign of 1924 that the idea of a third, progressive party had materialized as a substantial political force. It seemed that Wallace's effort would be even more successful than had been his predecessor's a quarter century before. There was a general consensus in the press that he would draw from 5 to 8 million votes. The views of the Progressive Party candidate were well known and enjoyed a fair measure of popularity in big industrial cities. His book *Toward World Peace* was published in 1948. In it Wallace rejected the inevitability of war between the USSR and USA and appealed to the both countries to coexist in peace. A denunciation of the aggressive foreign policy

was the underlying theme of the book and basic point of the party platform. Wallace called for severe limitations on monopoly power and for improvements in the economic, social and political position of the working people through extension of the New Deal. His program was rooted in the leftist Keynesian thesis of "progressive capitalism". Wallace believed in bourgeois progress, which was only being hindered by "reactionary capitalism", the source of poverty, unemployment, colonial exploitation, racial discrimination, fascism and wars. All this, he asserted, would be eliminated under "progressive capitalism". Wallace was unambiguous in his opposition to socialism despite the fabrications of bourgeois propaganda which accused him of allegiance to communism. He merely condemned the political hounding and court persecution of Communists and did not refuse the support from the Communist Party at the elections.

The CIO, with the exception of its left wing which had fallen in behind Wallace, stood with Harry Truman, and this fact undermined Wallace's hopes for making a strong first turnout for the new party. Things were even worse with the AFL. The leadership was officially neutral in the election. It overlooked the support given by individuals in the AFL to the racist Strom Thurmond, but was very vigilant in preventing any of its locals from expressing support for the Progressive Party.

The Democratic platform had much more to attract the trade unions than did the Republican. The Democrats came out for a repeal of the Taft-Hartley Act and recalled that the law had been passed by a Republican majority and over a presidential veto. In September Truman and Dewey each publicly addressed personal letters to Green asking for AFL support. Dewey avoided even mentioning the Taft-Hartley Act, while Truman roundly denounced it and promised a swift repeal. Since repeal of the act was indeed the central point of the AFL program it was clear that support for Truman and those Democratic candidates who had voted against it and now promised to have it removed from the books was the logical path of action.

Yet all pundits and virtually the entire press predicted a

Dewey victory. The headquarters of the Republican party were jubilant. Who would get what position was the main concern. But while the overconfident Dewey did hardly anything for victory Truman went all out to win. First of all, the President made use of his prerogatives to teach the Republicans a lesson for their demagoguery. He summoned a special session of Congress, scheduling its opening for July 26, "which out in Missouri we call 'Turnip Day'"—as he commented. This "turnip session" as the pro-Truman press labelled it, was called upon to enact the very social reforms that had just been embodied in the Republican platform. Quite predictably, the Republicans had no serious intention of carrying out their reform promises. "After two weeks of doing nothing, the special session adjourned," Truman observed caustically in his memoirs. This event considerably undermined the Republican standing. In order to weaken the effect of the Wallace campaign and capitalize on the gains made with the "turnip session" gambol, the President took a bold step for the times. In October 1948, word leaked out of his intention of sending Chief Justice Fred M. Vinson of the Supreme Court to Moscow as his personal emissary for direct negotiations with Stalin and other Soviet authorities. The "Vinson Mission" never did take place, despite the expressed willingness of the Chief Justice to travel to the USSR and White House confidence in a positive response from Moscow. It was interrupted by pressure from the aggressive right, whose intervention Truman either could not or would not resist. After even Secretary of State Marshall spoke out against the mission the President apologized to Vinson and retracted his intention. The reactionary camp celebrated, but among the democratic and peace-loving populace Truman's act improved his prestige and portrayed him as a man willing to cooperate with the Soviet Union. Now, according to Democratic strategists it was time to shore up the right flank, where the Republicans were clearly in the lead. To prevent the Republicans from reaping all the gain from anti-communism Truman opened up court hearings against Communists on the basis of the Smith Act.

Truman emerged victorious in the election. Furthermore,



the Democrats returned majorities to both houses of Congress. The results of the 1948 presidential elections are noteworthy for two reasons. In the first place they indicated that the Democratic Party, more in tune with the needs of the monopoly state than the Republicans, could win a victory though internally rent by acute differences. Republican individualism was dealt a serious blow just when its chances seemed rosier than they had been at any time since 1928. Second, Wallace fared poorly, winning less than 1.2 million votes. The state-monopoly principles held sway not only over the reactionary individualism of the Republicans but also over the progressive program advocated by Wallace.

The elections did not signal any substantial change in foreign policy, although Truman did announce the appointment of a new secretary of state, Dean Acheson, soon after the balloting. But change was expected on the domestic scene. The trade unions and liberals took heart in anticipation of the repeal of the Taft-Hartley Act and initiation of new and positive social reforms.

## *Chapter VII*

### **THE REACTIONARY RAMPAGE AND AGGRAVATION OF THE COLD WAR (1949-1954)**

#### **1. The Economic Crisis of 1948-1949 and Debacle of Truman's Fair Deal. Unleashing an Anti-communist Hysteria**

In January 1949, President Truman sent a broad reform package to Congress. This and subsequent White House and department proposals brought together the projects for social reform circulating since the fall of 1945. The Fair Deal for years so much spoken of by the President and his supporters, finally took a definite shape and seemed to have feasible prospects.

The government called for the repeal of the Taft-Hartley Act, a substantial expansion of social insurance with introduction of a system of medical insurance in particular, federal aid to state education, an increased minimum wage, cheap housing construction for low-income families, a permanent commission to investigate racial discrimination on the job and bar racism generally, the provisions for the inviolability of constitutional rights, the undertaking of power plant construction on the scale of the Tennessee Valley Authority of the 1930s, income guarantees to farmers through subsidies and loans, etc.

But the majority of these plans and intentions remained just that, and to this day many of them are still collecting dust in the files of unfulfilled promises.

By the autumn of 1948 the first signs of an economic crisis were in the air. Those sources which had served to stimulate economic activity for the previous three years had now dried up. Effective demand declined. The population, after exhausting its wartime savings, sank gradually into debt. The vol-

ume of delinquent consumer accounts grew from \$6.6 billion in 1945 to \$16 billion in 1949.

The economic boom of the immediate postwar years was substantially maintained by the renewal of fixed capital, the fall off in which now curtailed its stimulative effect. In the previous chapter we noted the growth in the number of small and medium-size corporations after 1945. In 1947 and 1948 the reverse tendency obtained. The ruination of marginal units only furthered the shrinkage of the domestic market and contributed to stagnation. Another important factor in bringing on the crisis was an agricultural decline spurred in 1948 by the removal of the previously favorable economic conjuncture. In one year farm income declined by more than \$2 billion (from \$16.1 billion in 1948 to \$13.8 billion in 1949). The number of farm units declined by 80 thousand. The drop in farm prices and new wave of farm bankruptcies reduced demand for many industrial goods. Beginning in February 1949, industrial output fell at a precipitous rate and all hopes of preventing a crisis vanished. In 1949, industrial output declined by 6 percent as compared to 1948. In a 15-month period production plummeted 10 percent (from a high point in July 1948 to a minimum in October 1949). In 1949, unemployment climbed to 4 million or 6 percent of the work force.

The crisis brought into motion all the state-monopoly mechanisms developed in the American socio-economic structure since the early 1930s. At the recommendation of the Council of Economic Advisers in 1948 the President turned to deficit financing as a means of warding off a recession. The biggest budget deficit in prior US history was earmarked for the fiscal year beginning on July 1, 1949. Still, even under duress the government was relatively reluctant to resort to deficit financing for fear of aggravating the inflation so rampant in 1945-1948. But this was not the only consideration holding it back. It should be recalled that in 1948 Congress passed sizeable tax reductions for the high income brackets, which already made a substantial dent in the budget. Moreover, allocations for the Marshall Plan represented a substitute of sorts for a deficit budget. Never-

theless, the government did take new measures to expand the budget deficit. Other anti-crisis mechanisms were brought into operation too. In the spring and summer of 1949 the Federal Reserve System on several occasions reduced the minimum level of reserves in its vaults and dropped its rate of discount, making credit more available and reversing the policy of the previous two years of increasing the discount rate. In brief, state monopoly capitalism showed greater resistance to crisis phenomena than the economy during the period of "rugged individualism". In the autumn of 1949 the recession was overcome.

The central fact of the 1948-1949 crisis is not that it turned out to be relatively short and little disruptive as distinct from the crisis of 1929-1933, but that it still took place, despite the assurances of bourgeois ideologues that "popular" or "planned" capitalism had been installed. The crisis demonstrated that state monopoly regulatory agencies, social insurance benefits and other social reforms, budget financing and wide-scale militarization could at best mitigate, but not ward off the pernicious effects of a crisis.

The crisis undercut the internal political situation, undermined faith in Democratic regulatory measures and shored up the position of the reactionary individualists. The big bourgeoisie and prosperous middle class were intimidated by the rapid and successful restoration of the economy in the USSR and the People's Democracies of Europe and turned increasingly to an unyielding hard line against communism, believing that the idea of socialization was undermining America's domestic foundations and her standing abroad. The extreme right wing of the bourgeoisie stepped up its attacks against Truman's Fair Deal, branding it as socialist-tinted. In fact, the Fair Deal was a timid and ultimately unsuccessful attempt to renew the liberal social reformism which had held sway in domestic politics during the period 1933-1938.

Still, the Eighty-First Congress was compelled to enact certain of the measures proposed in the President's reform package. It extended two of the most important New Deal laws by raising the minimum hourly wage from 40 to 75



cents, increasing social security benefits and extending them to more of the population. These functioned simultaneously as anti-crisis measures. Another important measure adopted by the Eighty-First Congress was the Housing Act of 1949 which allocated substantial sums for the construction of 800 thousand low-income apartments over the next 6 years.

In all else—that is, in the basics of his domestic platform—the President and the bourgeois reformist groups supporting him—were to be totally routed. The central aim of the liberals and unionists, repeal of the Taft-Hartley Act, was foiled. The Black civil rights aspect of Truman's program was also defeated. Attempts to push through even a toned-down law guaranteeing the rights of Blacks were futile. The defeat of Truman's intent to introduce public medical insurance as part of an overall system of social insurance should be listed as his third major failure. The proposal met the fierce resistance of the American Medical Association (AMA) which developed a massive campaign against "socialized medicine". The Catholic Church campaigned in a similar way against Truman's program of government aid to education, since it did not include federal allocations for parochial Catholic schools.

Among Truman's other proposals to end up in the dustbin was the plan drawn up by Secretary of Agriculture Charles F. Brannan. In April 1949, Brannan called for subsidies to maintain "farm income standards" through dollar payments based on average income for the preceding 10 years. To this end he called for a continuation of price stabilization measures on primary products through loans and building storage facilities for non-perishable goods. Perishable goods were to be sold at the going market price with the understanding that the federal government would redeem the farmers the difference between government established prices and those at which the goods were actually dumped. The Brannan plan was based on a higher price subsidy standard than that set by the law of 1948: it called for 90 percent of parity—that is, of the ratio of prices on goods sold and purchased by farmers. It was the intention of the Secretary of Agriculture that a ceiling should be established on the

amount of subsidies which the individual farmer could receive. This latter consideration, as well as others, earned Brannan the enmity of the big cash farmers whose representatives held the key positions in the House and Senate committees on agriculture. With the help of the industrial monopolies they defeated this "socialist plan" despite the support given it by small farmers and unions.

Upheaval marked the progress of 1949. Americans had not recovered from the shock of the economic crisis when another "blow" was inflicted—the successful atom bomb test carried out by the USSR. "Blow" was the very word used by American propaganda. In the USA it was said that the secret of the atom bomb had been "handed over" to the Russians, although American specialists themselves conceded that for a society with highly developed science and technology the atom bomb could not remain a secret for long. Breaking the news to the public on September 23, 1949, the White House discussed the event as a national calamity. Accustomed to "atomic diplomacy" the US government now saw that the time of atomic blackmail was over. Reactionary circles began to ascribe to the Soviet Union a firm intention of using the bomb against the United States. The Democratic Administration was accused of being "soft on communism" and some people were branded as conscious "traitors".

Anti-communist hysteria swept the country. The case of Alger Hiss played a central role in promoting this hysteria. Hiss had earlier been a prominent figure in the State Department and then been appointed President of the Carnegie Fund. The court proceedings began in August 1948 but initially flopped because it was an obvious fabrication. President Truman and Secretary of State Dean Acheson publicly ridiculed the promoters of the case. But when a mass campaign was launched to whip up fear of communism the case was taken up anew. In 1950 Hiss was sentenced to prison. The case, which lasted for a year and a half, caused a major sensation.

The anti-communist campaign was joined by all who could find no explanation for the ongoing events in the world about

them. Anti-communism brought together the Taft following, Catholics, the financial aristocracy and hordes of European immigrants who were convinced that the Old World was collapsing. The campaign was used to further the political goals of the imperialist ruling elite, who had taken upon themselves the burden of containing the revolutionary democratic process throughout the globe. But the extreme reactionaries pushed even harder. Reactionary jingoist propaganda repeated endlessly that if a typical representative of the East coast elite such as Alger Hiss had "sold himself" to the Communists and had been a "Russian spy" for many years then it was impossible to trust Dean Acheson, Harry Truman, Adlai Stevenson and all others who had covered up for him and were of the same mold. This caused panic among hundreds of thousands of citizens who now began to see "communists" and "Russian spies" around every corner. The "women's committees" made up of well-off and idle "patriotic" housewives began to check the shelves in book stores and investigate school curricula to protect the youth of the country from "decadence". They blacklisted Steinbeck's *Grapes of Wrath* and other books where schoolchildren might encounter references to such heretical subjects as a minimal wage law. The word "intellectual" turned into a label no less dangerous than "communist" or "spy". In the context of this anti-communist hysteria and spy-mania the leaders of the Communist Party were brought before the court in October 1949 (William Foster was unable to appear because of ill health). This kangaroo court, conducted under the jurisdiction of the corporation millionaire George Medina in New York's Foley Square ended with sentences for the accused and for their lawyers as well, charged with contempt of court.

Inflicting a blow against the Communist Party with the support of the Truman Administration, extreme reactionaries next set upon the labor unions. During and soon after the 1949 CIO convention 11 progressive unions with a total membership of over a million were driven from the CIO. The historians Richard Boyer and Herbert Morais write in *Labor's Untold Story* that "...since their expulsion it [the CIO—Authors] has been a body without a spirit".

Setting aside the fight against the Taft-Hartley Act, the AFL and CIO leaders now began to applaud its anti-communist provisions. They turned to the courts for aid in driving "communists" from the trade unions. Anti-communism reached such a pinnacle in the union leadership that James Carey of the CIO said on January 19, 1950: "In the last war we joined with the Communists to fight the Fascists; in another war we will join the Fascists to defeat the Communists."

## 2. Truman's Point Four Program. NATO. Intervention in Korea.

One of the most important results of World War II was the impetus it provided to the collapse of the colonial system. For the US ruling circles this both presented difficulties and seemed to open up no small opportunities. The difficulties were presented in restraining the revolutionary democratic movements against which the European metropolises such as Britain, France, Holland, Belgium, Portugal and Spain were now powerless. The opportunities were seen in replacing the decrepit colonialist, the target of the revolutionary upsurge, with powerful American monopolies under the shield of the US government. This marked the birth of American neo-colonialism which accompanied its economic and political submission of the colonies of the debilitated allies with certain "liberation" slogans, including a condemnation of the old colonialism with the aim of facilitating American penetration of the old territorial demesnes of the European powers while superficially recognizing the principle of independence for the peoples who had liberated themselves from the colonial yoke.

As soon as the US government had strengthened its position in Europe with the help of the Truman Doctrine and Marshall Plan and by initiating negotiations on the conclusion of a military pact with the European countries under the Marshall Plan, it concerned itself with the colonies and undeveloped countries of Asia, Latin America and Africa.



This was mirrored in the famous Point Four of the plan set out by Truman in his inauguration speech of January 20, 1949. Point Four was to become, in his words, "... the strongest antidote to communism...". In conformity with this plan technical aid was to be directed to the colonies and dependent countries provided that they "learn democracy" from the United States. Private capital was to be attracted to the "aid program". The government limited its expenditures to \$147 million in 1952 and \$155 million in 1953, no small portion of this being spent on weapons deliveries to local reactionaries. The Point Four Program was a means of establishing US imperialist dominance in the backward countries and genuine progress was the least of concerns for the ruling US elite. Neo-colonialism, which first took shape with the end of World War II, now had firmly established foundations.

Despite the global scope of imperialist doctrines and foreign policy plans and actions Washington always gave priority to Europe, particularly in the 1940s. The US government could not be confident in the security of its worldwide holdings until it had established its military and political dominance in Europe where the front positions of imperialist containment strategy were located. On April 4, 1949, Secretary of State Dean Acheson signed the North Atlantic Treaty (NATO) on behalf of the United States. For the first time in its history the USA had entered a military alliance with European states during peacetime. Fearing for the reception of the pact in the Senate the leaders of the Senate Foreign Affairs Committee, Tom Connally and Arthur Vandenberg, subjected to close scrutiny Article 5 that obliged each member of the bloc to regard an attack against any other member as an attack against itself. They insisted upon changing the wording of the text, so that in the event of hostile action the member nation would only be obliged to take "such action as it deems necessary, including the use of armed force". This all had a strong tinge of irony: the USA was imposing an aggressive pact on Europe and Canada, and now it reserved the right to be less active, in case the terms were to be applied, than the other countries which had been pressured

into the bloc. In this way the European countries were placed in even closer dependence upon the US ruling elite.

From the vantage point of domestic politics, the alterations were designed to please Robert Taft and all those who believed that the US should reserve the right to refuse to be drawn into a conflict over alien interests. This may seem strange, for at the time European dependence upon the USA was so great that there could be no thought of "drawing" it against its will. However, some of the supporters of Taft, and particularly those to the far right in the spectrum of US politics, were filled with intense dislike and mistrust of Britain. The Americans still recalled World War I when as the spoils were being divided England had managed to outmaneuver the USA, after which the "fight for democracy" (that was, after all, the aim of American soldiers!) became the subject of anathema.

Robert Taft also gained support by playing with a still existing popular distrust of the monopolies which had grown fat on the production and sales of armaments. But the senator from Ohio gained his broadest support in this question among middle proprietors with a modest but fixed income who looked upon the new global responsibilities of the USA as a further tax burden. Here another aspect was superimposed—that of the entire state-monopoly ideology and politics, with its intrusion not only into the foundations of individualism but also in the pocket of the rentier and the pensioner who could not count on increased benefits but knew that price hikes were inevitable, and of the farmer, the small, middle and big bourgeoisie who did not always place the goal of "containing" communism in Europe above the defense of their interests against unpredictable market forces, the revenue collectors and the proliferating bureaucracy. Taft could have also found support in the frazzled and careworn worker if he had not already been tainted with a reputation as primarily an enemy of the labor movement. Brought up to think in the traditional Midwestern provincial categories Taft was convinced until his dying day that Ohio was the center of the universe and could give a thrashing to any aggressor against the US interests without forming alliances with the European

states. "Fortress America" was the expression used to convey the idea that a fast blow could be struck against any point of earth, after which US forces would be immediately withdrawn behind the gates and the drawbridge pulled up.

Senate debate on the ratification of the North Atlantic Treaty began on July 5, 1949. An absolute majority of senators supported the pact with the amendments introduced by the Foreign Affairs Committee. But Taft spoke out against it. He argued that "Russia ... may decide that the arming of Western Europe, regardless of its present purpose, looks to an attack upon Russia. ... They may well decide that if war is the certain result, that war might better occur now rather than after the arming of Europe is completed." The underlying reasons for Taft's resistance, however, may be explained by his reluctance to give up the "free hand" policy and to open up the purse strings, for the ratification of the treaty was followed on the agenda by discussion of a bill providing enormous sums of aid to rearm the allies as stipulated in Article 3 of the treaty. On July 6, Vandenberg gave a long speech trying to convince his Republican colleagues to hold the line and not retreat from the conduct of a bipartisan foreign policy. In a personal letter he lashed out against "that little band of GOP [Republican] isolationists". On July 21, 1949, the treaty was ratified by a vote of 82 to 13. Of the negative votes 11 were accounted for by Republicans led by Taft.

The Point Four Program and NATO substantially increased US responsibility for the fate of the capitalist world. It would seem that the principles of the containment doctrine had been materialized in a system of alliances and blocs ready to deal with any emerging progressive and revolutionary trend. But then the revolution rolled over China, while in central Europe the first democratic state in the history of Germany was established and set out to build socialism.

Truman's Far East policy was subjected to particularly unbridled attacks by the American reactionaries. In August 1949, the State Department felt compelled to publish a White Paper in which proof was provided that the outcome of the

civil war in China had been outside the control of the USA. But the White Paper could not whitewash Democratic policy in the eyes of those flaming expansionists headed by a group calling itself Asia First. The Republicans rejected all the basic conclusions presented by the White Paper.

On January 23, 1950, Dean Acheson made an inflammatory public statement in which he emphasized the hard line in containing communism in Asia, yet placed Korea outside the "perimeter" of the sphere of containment. A bloodthirsty pack of militarist and expansionist organizations like the Asia First, supported by the wolves of the imperialist press and numerous individuals hurled their wrath at Acheson. Truman saw that intervention in Korea would have massive support. He was particularly astounded that the champion of isolationism, Robert Taft, had joined the chorus in support of "defending Korea". The State Department sized up the situation and began to adjust its viewpoints. Dulles, regarded as the Republican adviser, now began to pick up influence. On June 21, 1950, he arrived in South Korea and gave a corresponding cue to Sing Man Rhee's policies.

Dulles' urge for an invasion of Korea was the more weighty in that it was supported by the Pentagon and its chief Louis A. Johnson.

When civil war broke out in Korea American armed intervention was already a foregone conclusion. The only question remaining was that of how to carry out the incursion. Taking advantage of the absence of the USSR at a session of the UN Security Council, American representatives pushed through a resolution calling for the "defense" of South Korea by "UN forces", which from start to finish were in fact US armed forces.

The imperialist intervention in Korea had significant repercussions in the US domestic politics. The war made even more conspicuous the state-monopoly nature of American capitalism and intensified tendencies begun in the 1930s. In August 1950, Congress passed the Defense Production Act, thereby increasing the role played by government in economic and social relations. This act gave the President the right to establish production priorities, distribute and regu-



late raw materials and other resources, build new industries, provide tax benefits to stimulate war production, introduce limited wage and price controls and impose sweeping credit controls. In September 1950, an additional \$12.6 billion were assigned to military needs, which called for a tax increase. The Korean War marked the point at which militarism became an inseparable feature of the US socio-economic profile. Henceforth, in the eyes of both business and government, expanding militarism became indispensable for the economic development of the country. US state-monopoly capitalism now became military state-monopoly capitalism. The policy of "accelerated amortization" pursued as an element of the Defense Production Act, only further consolidated the position of the biggest corporate arms producers within the state-monopoly complex.

With the first days of US intervention in Korea prices began to soar. They rose faster than at any period since the inflation following the end of World War II. To prevent the situation from worsening Truman clamped down wage and price controls in early 1951—after first declaring an unlimited State of Emergency in the country in December 1950. The main bodies of wartime control—the Office of Defense Mobilization and the Wage Stabilization Board—were totally in the hands of representatives of the monopolies, just as they had been during World War II. The merger of the governmental and monopoly apparatus was given a new impetus. Trade union leaders were also given positions in war regulation offices, but their role was even less conspicuous than in the early 1940s.

The war created favorable economic junctures and the engine of production, which had sputtered badly in 1949, was now put into fine tune. Now "prosperity" was talked about: employment gained, wages increased through overtime and salary hikes to meet price increases, the social security system was extended to an additional 10 million working people.

Nevertheless, the war engendered bitter internal clashes. They were partially connected with economic problems such as massive dissatisfaction with monopoly windfall profits

through war contracts. But the primary cause of internal upheaval was to be found at a more general political level. American imperialism, though it managed as a whole to impose its will on the bourgeois world, was like its predecessors incapable of suppressing revolutionary-democratic tendencies, of containing the spread of communist ideas or of restoring capitalism where it had gone under.

Broad segments of the bourgeoisie, incapable of a genuine understanding of the fundamental socio-political crises of the modern world, now believed even more fervently in what reactionary ideologists had been drumming into their minds for years: all the calamities in the USA and in the world at large were caused by communist instigators. Now as never before they believed that the President was surrounded by communists—from Dean Acheson and George Marshall to the pettiest functionary. You can't win a war with such leaders, was the reasoning. In fact the war would never have come about if the government had not initially been "soft" on communism. Robert Taft and Arthur Vandenberg were among those who appended their signatures to such an interpretation.

Anti-communist sentiment was running so high in the country that with the exception of an insignificant minority of leftists there was no opposition to the intervention in Korea. The actual conduct of the war was where the questions began. Truman, Acheson and the majority of prominent government figures were for limiting "containment" and preventing a military conflict with the USSR. The arguments put forth by a group led by Douglas MacArthur, Commander of the Armed Forces in the Pacific and Korea, enjoyed wide popularity. Encouraged by proponents of imperialism in the Republican Party, he was pushing the conflict in the direction of a third world war. In the autumn of 1950, when the tide was running in favor of the interventionists and MacArthur promised to bring the soldiers home by Christmas, the struggle at the top was somewhat dampened. With the onset of the second wave of defeats in November-December 1950 the conflict surfaced anew. Going beyond the limits of his authority, MacArthur publicly criticized the

Pentagon and the President for the handling of the war. Truman acted decisively and forced MacArthur to resign. In April 1951, something incredible started in the USA. Demands were widespread to bring Truman and his Secretary of State to court. Douglas MacArthur, who had not returned from the Far East for 14 years despite official invitations from the highest circles, finally journeyed home. His voyage from the West coast to Washington was turned into a triumphal procedure by the sirens of the cold war. MacArthur addressed Congress, where his 34-minute speech was often interrupted by wild applause. Many congressmen and viewers wept. His concluding phrase: "in war, indeed, there can be no substitute for victory", became a classic of the cold war.

Soon the government managed somewhat to cool the ardor of the general's supporters by demonstrating that he was trying to lead the country into a world war with a victory hardly in prospect. But the episode in itself was striking for what it revealed, namely, the extent of disarray in the ranks of the ruling elite with regard to its adventurist global militaristic policy and the depth of the crisis of the containment policy as well as the dangers inherent for the American people in the cold war.

The elections of 1952 took place in a climate of hysteria. When the Republicans nominated a popular general who promised to bring the now unpopular war to a close, they significantly increased their chances of victory. Indeed, they swept both houses of Congress as well as putting their man in the White House. This had not happened since 1928.

### 3. Republican Measures Intensifying the Cold War

The change of government in Washington had an ambiguous effect on foreign policy. The bulk of the population was convinced that only General Eisenhower, the hardened veteran of World War II, could bring the war to an end and

prevent a global conflagration. Eisenhower kept his promise and traveled to Korea before his inauguration. The general really was in favour of peace for he saw no chance of winning the war. With the military defeat clearly in prospect, already in the summer of 1951 the United States government had begun to speak of its willingness to take its place at the negotiating table. Now the Republicans wrapped up the talks which had begun under their predecessors.

But the Republican leadership advanced towards peace under slogans that were by no means pacific. In the election campaign of 1952 Republicans made it clear that after concluding the now inevitable peace in Korea they would push the cold war much further than had the "soft" Democrats. The Dulles-inspired foreign policy aspect of the Republican platform subjected the containment doctrine to sharp criticism and called for a new policy of "freeing" from communism the nations which were "under Soviet dominance". In autumn 1951 an amendment was added to the Defense Act, which incorporated a proposal by Charles Kersten calling for \$100 million for subversive activities in the USSR and other countries. Now the Republicans wanted to elevate this and other isolated aggressive and subversive actions to the rank of official doctrine. They believed the moment ripe for a further shift to the right in foreign policy. John Foster Dulles succeeded Vandenberg, who died in 1951, as the chief Republican spokesman on foreign policy, and immediately set to work to carry out his own designs.

A few days before assuming the post of secretary of state Dulles said to the Senate Foreign Affairs Committee: "We shall never have a secure peace or a happy world so long as Soviet Communism dominates one-third of all the peoples that there are, and is in the process of trying at least to extend its rule to many others. . . . It is only by keeping alive the hope of liberation, by taking advantage of that wherever opportunity arises, that we will end this terrible peril. . . ."

The doctrine of "liberation" with all its military corollaries ("rolling back", "massive retaliatory power" and so forth) could only be engendered in a climate of militant anti-communist psychosis created by the reactionaries during



the Korean War. Dulles, who won fame as warmonger *par excellence* for a whole decade, was also inclined to moralizing. His moral code argued the immorality of neutrality in the age of cold war, when all forces had to be mobilized in the fight against communism—children's toys and atomic weapons, thought and action.

Dulles comprehended that a direct appeal for invasion of the Soviet Union, given the lessons of World War II, would be futile. Thus he considered the pinnacle of diplomatic skill to be ability to keep the world on the brink of war without actually toppling over. He argued in the same speech of January 15, 1953, that "now... liberation can be accomplished by process short of war."

With the inauguration of the Eisenhower Administration it became immediately clear that center stage would be occupied by militarization of both the economy and the foreign policy. The government called for "...a new look at America's defenses" aimed at increasing the might of the armed forces and the weight of the military in the "national security" system, continuing the arms race and displaying more open intimidating aggressiveness toward the socialist countries and entire world. Business responded eagerly to the call for a "new look at the country's defenses", for a radical overhaul of the armed forces meant windfall profit for the monopolies. Since the new government gave its blessings to the strategic air force and the development of the hydrogen bomb, the most modern sectors of industry evinced the most enthusiasm.

This "new look at the country's defenses" had its opponents in the ruling elite as well. This was inevitable since it rode roughshod over Army and Navy interests to the advantage of the Air Force. The monopolies holding Army and Navy contracts and with their production oriented to meet the needs of these departments, felt that they had been shortchanged. Their lobbyists fought to torpedo or at least alter the Eisenhower projects. But the Air Force demonstrated its superiority on the ground as well as in the skies. Within a short space of time aviation and the thermonuclear weapons had won the favor of industry. In 1953, direct mili-

tary outlays exceeded by 3.5 times the figure for 1950. With the aid of these enormous sums each of the major corporations managed to get its fingers in the pie. The biggest contracts were won by the monopolies connected with the output of aviation and rocket fuels. Formerly provincial outputs of business in Texas, California and other centers of modern industry now gained a secure foothold in the government budget.

The doctrine of "liberation" envisaged dealing a powerful nuclear blow against the enemy with new delivery systems (at the time modernized strategic bombers). The Republican military and political strategists announced that "local wars" (like, for example, the Korean War) would have no place in their new policy planning.

Though "disdaining" local war, Eisenhower and Dulles still assigned a major role to the land forces of their pact allies in halting the "secondary" activities of the "communists". The "new look at the country's defenses" was "internationalist" despite all its shadings of imperialist nationalism, for it called for further increases in the military budgets and plans of the allies. The Republicans accused their Democratic rivals of doling out too large sums to the allied countries and cultivating the unhealthy belief that the Americans would always foot the bill. At the April 1953 session of the NATO Council the American delegation foisted on its allies the notion of "permanently expanding capacities" according to which the European states were to take care of their own defense needs, resorting to US aid only in extraordinary circumstances. After the December meeting of the NATO Council Dulles stated that this notion had met with general approval in Europe.

On January 12, 1954, after the forces of aggression had come to the fore both domestically and in foreign affairs, Dulles made the most bellicose speech of his entire diplomatic career. In this speech he indicated that in any critical situation the USA must resort to "massive retaliatory power" and "...respond vigorously at places and with means of our own choosing". Instead of the "communist world" this outburst frightened Americans. The prospects, indeed, were

not appetizing: any conflict whatsoever could lead to nuclear war. American historians are justified in considering the Dulles speech the zenith of the cold war. It represented more than just the personal viewpoint of the secretary of state. As the respectable bourgeois press observed, it mirrored the views of the President and the decisions taken by the National Security Council. After successfully testing the first hydrogen bomb on March 1, 1954, the bellicose circles in the US gained a powerful weapon for the realisation of the foreign policy doctrine outlined by Dulles. Just as he wanted, the world was "on the brink of war".

Fear was not the only emotion aroused in the American population. Bewilderment was also widespread. The adventurism and speciousness inherent from the very beginning in the doctrine of "massive retaliation" against the "center" (that is, the USSR) were more than ever clear when it finally reached the American public that the Soviets had a nuclear arsenal as well, including the hydrogen bomb. In addition, the ruling elite was probably aware at the time that the USSR had been the first to make major steps in the construction of inter-continental missiles.

Chanting militarist slogans, the Republican leadership managed to lead US foreign policy into a dead end in one year of wielding power. Would it be world war or a modification of the doctrines of "liberation" and "mass retaliation"? This question already faced the Eisenhower Administration in the first months of 1954. After intense deliberations the ruling circles were forced to retreat and in April 1954 the secretary of state (signing his name, unlike George Kennan in 1947) published a policy article in the journal *Foreign Affairs*. In it he wrote: "To deter aggression, it is important to have the flexibility and the facilities which make various responses available. In many cases, any open assault by Communist forces could only result in starting a general war. But the free world must have the means for responding effectively on a selective basis when it chooses. It must not put itself in the position where the only response open to it is general war. The essential thing is that a potential aggressor should know in advance that he can and will be made to

suffer for his aggression more than he can possibly gain by it. This calls for a system in which local defensive strength is reinforced by more mobile deterrent power." This passage is striking not for the threatening intonations, typical of Dulles, but rather for the new slant: Dulles was forced to speak of "flexibility" and caution in reference to the possibility of "general war".

In American bourgeois political works this "retreat" is explained simply by the government desire to calm down the public, which had been frightened by Dulles' January speech. Without entirely rejecting this argument, we must look for another and more substantial reason; namely, that the aggressive doctrines of the Republicans had proved impotent against Soviet strength and that of the other socialist countries, against the drive for freedom of the colonial peoples and the reluctance of US allies to become too deeply enmeshed in the Dulles version of the cold war.

In fact the US government returned to the parameters of the containment doctrine although no official recognition of this shift was forthcoming. Dulles' ascent peaked in 1954 and a slow decline of his star ensued. At first this decline was not visible for during the second half of 1954 and early 1955 the government took a number of aggressive actions in Southeast Asia at his initiative. In September 1954 he succeeded in putting together the SEATO bloc (South-East Asia Treaty Organization). In a further development, Washington took a threatening stance *vis à vis* the People's Republic of China. In January 1955, Congress nearly unanimously adopted the Formosa Resolution permitting the President to use his own judgement in applying the armed forces against the PRC. Latin American politics offered even firmer evidence of the high standing of the Secretary of State in the ruling circles. Crushing the revolution in Guatemala with "inter-American" forces in the summer of 1954, US imperialist circles demonstrated that they would not hesitate to carry out risky interventionist measures to fulfill their goal of "containment" and "liberation". But these actions in late 1954 and early 1955 by no means signalled the blow at the "center" earlier promised by the Republicans. From the im-



perialist vantage point, relations with the "center of communist power" evolved not entirely to their liking. Moreover, negotiations with the leaders of the USSR were now placed on the agenda.

#### 4. McCarthyism

The upheavals of 1949 engendered a state of anti-communist hysteria in the USA, and a horde of "saviors" eager to rescue the country from communism soon took advantage of it. One aspirant to this role was the Republican senator from Wisconsin, Joseph R. McCarthy. Speaking to party loyalists at a gathering in Wheeling, West Virginia, on February 9, 1950, McCarthy announced that the US State Department was inundated with communists. He managed to reveal "205 communists" there. McCarthy immediately received substantial outpourings from the coffers of the corporations and from individual "crusaders". But the real crusade against Communism began with the Korean War, and especially after the victories promised by General McArthur proved elusive.

The wave of extreme reaction and chauvinism which swept the country between 1950 and 1954 is commonly called "McCarthyism" after the man who was undoubtedly in the front ranks, if not the actual leader of this campaign. However, to reduce McCarthyism to the activity of one errant senator, as is the habit of bourgeois historians, is to understate the depth of the socio-political crisis giving fuel to this movement. Neither can McCarthyism be explained by the Korean War alone, although there is more validity in such an approach.

The roots of the McCarthy rampage must be sought in the domestic and international situation of the period—with crisis at the beginning and at the end of it. Crises increased the social vulnerability of the propertied strata and aggravated the already insecure position of the poorer segments of society, clearing the way for petty demagogues and twist-

ers who claimed to know the cause of America's ills and to be capable of pointing the finger at the real enemy—in this case the "communists" and those at the pinnacle of society who had "sold out" America.

Even without the woes of economic crises the entire state-monopoly structure of the USA was a lightning rod drawing the criticism and indignation of millions of supporters of the pre-Roosevelt individualist traditions. It was no accident that the followers of Taft found a new leader in McCarthy and gave him massive support. Taft himself, with one foot already in the grave, gave his blessings to McCarthy in launching his anti-communist crusade. The Catholic affiliation of the Wisconsin senator gave him added support among Catholics in the Northeast where the Protestant Taft had never picked up much of a following. The multi-millionaire Catholic Joseph Kennedy was on friendly terms with McCarthy. His son, John F. Kennedy, far from opposing the demagogue, actually lent his support to the reactionary crusaders in his public speeches. Robert Kennedy made his way into politics under the direct leadership of McCarthy, on whose commission he served as a legal adviser and regarded this service as a good access road to Congress or some important government post.

The international aspect of the general crisis of capitalism provided especially inflammatory material for the reactionary chauvinist machine that was McCarthyism. Neither containment nor retaliation could halt the ongoing consolidation of the countries of the socialist system and the growth of the communist movement throughout the world—not excluding the advanced capitalist countries. The conservative segments in the USA were furious that the nuclear arsenal seemed to be no guarantee of victory even in the smaller countries. These sentiments were ripe for picking by the monopolies which were interested in urging on the arms race.

McCarthyism thus penetrated the entire social, political and ideological structure of American bourgeois society. McCarthyites seemed to see a communist behind every tree and lamppost. However, McCarthyism was not only antipathy to communism. Rather, anti-communism was merely a slo-

gan, brought to bear in the struggle against all progressive social groups, trends and institutions. Targets included progressive labor unions, liberal intellectuals, reforms favouring labor, the policy of negotiation with the socialist states, and so forth.

As a political phenomenon McCarthyism must be accurately placed *vis à vis* the official policy of the ruling class. During the period of Democratic rule McCarthyism was clearly not in conformity with the attempts at social reform included in the Truman administration state-monopoly program. Representing the desperate shriek of individualism McCarthyism was bound to come into conflict with the Democratic allegiance to state-monopoly regulation. McCarthyites were also at odds with Truman because the latter did, after all, include some liberals and liberal intellectuals in his camp, although they were not nearly as conspicuous as under his predecessor or his Democratic successor. The McCarthy horde could not accept Truman's "softness" toward communism and believed that America's military might was being bridled in the field of international affairs.

While drawing a line between McCarthyism and the official politics of the ruling class, we should not ignore the large range of common goals shared by the two. The McCarthyites were often simply bringing to what they thought to be the logical conclusion policies introduced by the Truman Administration. This held true for both domestic and foreign affairs. Truman himself brought up the question of "loyalty oaths" and prosecuting Communists, and the Republicans and McCarthyites picked up the cue and pushed through Congress the Internal Security Act (better known as the McCarran Act) which became law over a presidential veto on September 23, 1950. This law established a Subversive Activities Central Board given the task of investigating, exposing and forcing to register the "communist activity" or "communist front" organisations. As soon as the board pinned one of these labels on any organization, the latter was subjected to numerous restrictions and repressive measures. Speaking out in opposition to this bill, Truman, acting on the advice of the Department of Defense, the CIA and many

other government branches, declared that it was ineffective and difficult to implement against the American communists, while the points bearing upon immigration, deportation and naturalization would weaken the US position in the cold war, for they would limit the overseas recruiting activities of the CIA and its efforts to undermine the domestic foundations of the socialist states. The same reasons underlay the President's decision to veto the McCarran-Walter Act limiting immigration (the bill became law in June 1952). In each of the instances mentioned above Truman took the opportunity to underscore that Congress was violating the basic rights of the US citizens, but this only served as a further prod to the McCarthyites.

With the Republican victory in the 1952 presidential election McCarthyism was brought closer to official government policy. During the presidential campaign Dwight D. Eisenhower publicly supported McCarthy and enjoyed the reciprocal support of the McCarthyites. To retain this boosting the candidate made several concessions to the McCarthyites. When McCarthy himself launched his smear campaign against George Marshall everyone expected General Eisenhower to stand behind his former superior. But speaking in Wisconsin jointly with McCarthy, Eisenhower lost his courage and deleted a paragraph from his prepared speech containing a few words in praise of Marshall. This event was soon the common knowledge of the entire country and became a symbol of the strength of McCarthyism as well as of the pusillanimous and spineless behavior of the "respectable conservatism" of the Eisenhower Republicans.

The McCarthyites had good reason to interpret the 1952 election results as a major victory. In fact, the coming of 1953 marked the outset of the "golden year" of McCarthyism. Bourgeois writers often portray the period of open collaboration between Eisenhower and McCarthy (1952-1954) as a regrettable but inevitable episode, since otherwise it would have been more difficult to give combat to McCarthyism. In reality, the collusion between conservative Republicans and McCarthyites, who were urging the country in a fascist direction, was a manifestation of a crisis in the



entire political and constitutional structure of the US government.

Now a part of the ruling party, the McCarthyites hoped to tear the reins of government from the hands of the Eisenhower Republicans. The weapon wielded most heavily by the McCarthyites was that of investigations launched by congressional committees. McCarthy himself took charge of a Senate committee on government operations and an attached permanent investigatory sub-committee, hoping to use them as a launching pad for his attacks against "communist elements" in the government. His myrmidons William F. Jenner and Harold R. Velde took control respectively of the Senate Sub-Committee on Internal Security under the Senate Judicial Committee and of HUAC. These were the central investigatory arms of Congress and now their activity as well as that of other less important committees and sub-committees came under McCarthy's overall political control. In fact, they formed the organisational backbone of the McCarthyite movement. The McCarthyites had a new interpretation of the functions of these congressional investigatory committees. Traditionally, it had been believed that the US Constitution allowed the congressional branch to conduct investigations only in those areas connected with the specific consideration of a bill. The McCarthyites turned these investigatory arms into instruments for the persecution of everything that was progressive and democratic.

McCarthyism by its legal tactics alone represented an assault on the executive power of the government. Incidentally, this aspect of McCarthyism was thoroughly inflated by the bourgeois press. When a McCarthyite named John Brickner introduced into the Senate an amendment limiting the President's prerogatives in concluding international treaties, the argument that McCarthyism was primarily a movement directed against executive power became especially widespread. Eisenhower's unhurried indolence as President only further whetted the appetite of the investigatory committees and made it more difficult to trace the basic social and political direction of McCarthyism. Walter Lippmann, the eminent journalist, wrote in December 1953 of the "crisis" brought

about by the "abdication of the powers of the Executive and the usurpation of Congress".

This, however, was not the key to the crisis. McCarthyism was not a mere struggle at the top, but a massive attack on progressive organizations and thought which were excluded from the framework of legality construed by the reactionaries. McCarthyites accused of treason anyone who cast doubt on even the secondary aspects of the American socio-political structure. They organised public investigation proceedings in the industrial centers and persecuted progressive union leaders. Anyone who was subjected to investigation was threatened with loss of work. McCarthyism created a favorable climate for attacks by management on the trade unions. At first "recalcitrant" unions were brought under fire, and then the entire union movement fell victim. At the height of the McCarthy rampage (1953-1954) the unions suffered their highest losses (34 percent) in elections conducted by the NLRB for representation in negotiations with management.

Thus, while training their guns primarily against Communists (both for publicity and in reality), the McCarthyites pursued a policy of subordinating the trade unions and individual workers to the interests of the bourgeoisie. McCarthyism suppressed any and all signs of independence in thought and action. In this period of aggravated anti-communist hysteria no one gave serious thought to the repeal of the Taft-Hartley Act. The unions were compelled to fight a hard rearguard battle. "Subversive elements", one group after another, were being weeded out of their ranks.

The McCarthyites were quite successful in implanting a reactionary trend in the ponderous government bureaucratic apparatus, and notably among high-ranking functionaries. In April 1953, President Eisenhower competing with McCarthy in the race to purge the bureaucracy of "communists" announced a new program to rid the structure of "subversives". In his memoirs Eisenhower estimated that the investigatory bodies he established exposed 8,008 "undesirable elements". But this was not all that happened. He wrote

that tens of thousands of government functionaries were classified as security risks and many demoted to unimportant positions. Militarists and careerists intent on capitalizing on the wave of McCarthyism entered government bureaus overseeing the war industry or connected with scientific research and foreign policy.

Among the more odious pages in the history of McCarthyism were the Oppenheimer Case, the electrocution of Julius and Ethel Rosenberg (the first peacetime execution of "spies" in US history), the persecution of progressive and liberal members of university faculties, book-burnings and many other acts.

During the McCarthy era the constitutional doctrines encompassing individual freedoms underwent substantial modification. Recourse to the Fifth Amendment, which states that "no person shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property without due process of law," was now declared criminal by the McCarthyites. They even began to talk of "Fifth Amendment communists" in reference to those who refused to answer the questions of the investigatory committees. In substance turning these committees into court hearings, McCarthyites did not observe the elementary legal procedures, a fact which of course greatly facilitated the abuses of justice.

McCarthyism had a severely detrimental effect on the executive and judicial bodies that were eating away at bourgeois democratic freedoms. In the Executive, this was evinced in acceptance procedures of new employees and in the manner of dismissals, as well as in the general shift to the right of all branches, extending from the President to the lowest functionaries. The courts, including the Supreme Court adopted notions such as "guilt by association", according to which a citizen could be accused of a crime merely for belonging to a "subversive" organization, and "clear and present danger" (first put forth by Justice Holmes in 1919) allowing the actions of undesirable individuals and organizations to be classified as threatening the foundations of society and divesting them of both the right to defense and a

possible acquittal. On this basis the US Supreme Court (nicknamed the Vinson Court) upheld the sentences passed against Communists and other progressive leaders in the USA. The Vinson Court, with the exception of Hugo Black and William O. Douglas, fell in with the McCarthyites, dragging with it the lower courts. The Justice Department, headed by the reactionary Attorney General Herbert Brownell, also fell into line. Brownell gave the courts no peace, inundating them with cases aimed at extirpating "communism" in the USA. Between 1953 and 1955 Brownell increased the number of "subversive organizations" on the list to 279.

With the help of the courts the McCarthyites made the Bill of Rights (the first ten amendments to the US Constitution) a dangerous doctrine. Of 112 people asked by a local newspaper in Madison, Wisconsin, to sign their name under passages drawn from the Bill of Rights 111 refused to comply, believing that some kind of communist propaganda was being thrust at them.

The McCarthy era represents a black spot on American liberalism. As a political current liberalism fared poorly in those years, despite courageous opposition given by some of the liberals. The decline of liberalism was obvious, and later liberal historians make no attempt to deny it. This degeneration took many forms: silent compliance with the outrages being committed by reactionaries; active participation in the anti-communist crusade; the advocacy of militarism in the struggle against world communism; initiatives taken in passing ultra-reactionary legislation.

But the nadir of the American liberalism between 1950 and 1954 was marked by the role liberals played in the passage of the Communist Control Act of 1954, whose provisions to this day continue to shock the liberal and even moderately conservative historian. The Communist Control Act, which established further restrictions on the activity of the Communist Party and "communist-infiltrated" trade unions, was intended to demonstrate that the Democratic Party did not lag behind the McCarthyites in the struggle with Communists. Hubert H. Humphrey and Wayne Morse, both



liberal senators, were particularly energetic in pushing the bill through Congress.

The breath of McCarthyism swept through the unions as well. Right-wing union leaders during these years became even shriller in their anti-communism and adherence to the goals of the cold war for fear of being labelled "fellow-travelers". In October 1951, the bourgeois magazine *Collier's* published a series of articles quite in tune with the McCarthy era. The author of these articles was Walter Reuther, who painted a ghoulish picture of the defeat and occupation of Russia between 1952 and 1960 and visualized a journey there at the head of a trade-union delegation to establish labor "order" in the USSR. Given this political orientation reigning among the union leadership it was difficult to imagine drawing the bulk of the working class into the fight against McCarthyism.

### **5. The Democratic Forces' Fight Against Reaction and Militarism**

Between 1949 and 1954, the most severe repression was aimed at the Communist Party. It should come as no surprise that given this state of terror the numbers of the CP were reduced, contact with the masses was weakened, party organization was disrupted and all its work made extremely problematic. But even in these difficult conditions the party never interrupted its fight against McCarthyism, the cold war and all other reactionary aspects of the policies pursued by the monopoly bourgeoisie. Communists did more than just defend their own rights as an organization. At the same time, they fought for democratic political freedoms and social progress, advocating the ideas of socialist reconstruction of society, for peaceful coexistence with the socialist countries and for peace throughout the world.

The Communists placed the defense of peace and democracy at the center of their activity. The keynote report that Gus Hall presented to the 15th National Party Convention (December 28-31, 1950) stated that the struggle for peace

was the decisive and central problem. If we recall that this was a time of expanding aggression in Korea and of extremist plans for global war against the socialist countries, the political correctness of this proposition leaves little room for doubt. Hall pointed to the growth of the fascist danger in the country and appealed to the party to intensify its struggle against reaction. During the presidential campaign of 1952 the Communists lent active support to Vincent Hallinan, a lawyer and candidate of the Progressive Party who ran on a platform of peaceful coexistence, repeal of reactionary laws, a statutory increase of the minimum wage to \$1.25 and support for civil rights. When the McCarthyite campaign was stepped up after the election the party concentrated its efforts on fighting this fascist movement. The CP program ratified in August 1954 at the pre-election national convention stated: "McCarthyism aims to impose fascism on the country, to take it over through a program of unbridled intimidation and demagoguery. It is trying to browbeat into submission every independent point of view, every thinking person. It burns books and destroys art and culture. It aims to smash the labor movement, to further enslave the Negro people, to stir up racism and anti-Semitism, to gag and brutalize the young generation, and to wipe out all vestiges of liberty. McCarthyism seeks to turn America into a land of yes-men and informers, a land where patriotism is replaced with jingoism, independent thought with conformity, courage with servility."

Wherever Communists had even the slightest access to mass democratic organizations they made every effort to apply effective methods against McCarthyism and militarism—through demonstrations, meetings and petitions. But their opportunities were catastrophically narrowed after the war and with the unleashing of the anti-communist hysteria in 1949 were virtually reduced to nil. Initially the application of the Smith Act and then of laws designed to persecute "Communist action", "Communist front" and "Communist-infiltrated" organizations placed the CP outside the protection of the law. The courts and the prisons were virtually the only institutions with their doors remaining open for

Communists. At court proceedings, the party leaders and rank and file demonstrated personal courage of conviction and genuine patriotism. They appealed to the common sense of thinking Americans urging them to fight against the rampage of reaction and the cold war that could lead the country to a catastrophic denouncement. They exposed the pernicious effect of the anti-communist hysteria on the American nation, upon whom a reactionary system was being foisted through scare tactics. On December 16, 1953 Bob Thompson, Chairman of the New York State Communist Party, a leader of the Lincoln Brigade in the Spanish Civil War and veteran of World War II, said to the judge who had just sentenced him to seven years imprisonment (3 for his "crimes" plus 4 for "contempt of court"): "It is high time, Your Honor, that thinking men in all walks of life realize that the attempts of the last four years to illegalize the Communist Party and the current bold bid for national power by the McCarthy mob are two sides of the same coin."

During the years of rabid reaction the trade unions also experienced immense difficulties which threatened to eliminate all the gains achieved by decades of stubborn struggle. Thus it may be said that the defense of the right to strike, actual strikes in support of social and economic demands by the workers, and agitation for progressive reforms as well as for the repeal of reactionary legislation were all objectively elements of the struggle against the McCarthyite rampage. The labor movement could not avoid coming into conflict with McCarthyism, despite demagogic statements by reactionaries that the purging of "subversive" elements would have a favorable influence on the trade unions, for actually every bold presentation of economic or other demands provoked accusations that the unions were undermining "national interests" and resulted in recourse to the courts. The incompatibility of McCarthyism and the interests of the labor movement was for a lengthy period somewhat confused by the support given by union leaders to the cold war and to anti-communism, which seemed to give them common cause with the reactionaries. But such a combination was socially spurious and unnatural, no matter how hard certain union

leaders tried to present themselves as more anti-communist than the bourgeois political leaders themselves.

Reactionaries and militarists were not successful in creating even a semblance of "national unity". Analogies drawn with World War II were of no help. During the four years of US participation in World War II 36 million man-days of work were lost through strikes, while in 1952 alone 59 million were lost. Between 1949 and 1954 there were 26,862 strikes in the USA involving 15,130,000 participants, and 222 million man-days of idleness were the result. In this period of intensive strike efforts trade union membership rose from 14.3 million in 1949 to 17 million in 1954. Another factor contributing to this increase was the rise in employment stemming from the conditions of war economy.

The trade union movement wrote many chapters in the history of the fight against McCarthyism. The workers did not confine themselves to adopting anti-McCarthyite resolutions alone, but employed more resolute tactics as well. When the McCarthyites set up their public proceedings to investigate "subversive activities" they sometimes encountered workers' political demonstrations in support of those who had been called before these courts to testify. In December 1953, the dockworkers of San Francisco, where reactionaries and strikebreakers have never been popular, greeted the arrival of a committee under Harold Velde with a 24-hour strike protest.

The central union leadership resisted the adoption of resolute measures against McCarthyism and instead recommended political moderation and formal legality. But in 1953 and 1954 even many of the high ranking union leaders mounted such sharp attacks against McCarthyism that they could no longer be considered "respectable". Walter Reuther, James Carey, Jacob Potofsky and other CIO figures as well as a few of the AFL elite already by early 1954 were firmly committed to an uncompromising struggle against McCarthyism. Still, it must be admitted that the unions were not able to put the movement against McCarthyism on a mass footing or stop the raging tide of reaction by building a dike of public resistance. The core of this failure should be sought



in the allegiance of the union leadership to the spurious notion of "national interests" and in the support given to cold war positions.

The cold war and McCarthyism inflicted even worse damage on the bourgeois liberal movement. The liberal tradition has never entirely died out in American history; it has waxed and waned with the times. Though experiencing a profound crisis during the McCarthy period, bourgeois liberalism nevertheless retained footholds guaranteeing its continued existence. Liberals, progressives and radicals found some refuge in the tenets of neo-liberalism. Proponents of this school continued in this period to argue for state-monopoly reforms, which placed them firmly in the anti-McCarthy camp, since the latter group regarded itself as a stronghold of individualism and mortal enemy of "creeping socialism". The old notion of defending traditional bourgeois freedoms was also a rallying point for all liberals.

Thus liberal-progressive social thought erected barriers in two directions to the McCarthyite attempt to stampede the USA into adopting a reactionary and fascist form of state. Progressive organizations and the liberal press were particularly vituperative in criticizing the attempts by McCarthyites to ride roughshod over individual rights of the citizens. Sometimes the pressure was even carried into the courts. In June 1951, when a majority of the Supreme Court upheld the convictions passed on Communists, Justice Hugo Black courageously spoke out in eloquent opposition and refuted point by point the arguments put forth by the people behind the anti-communist hysteria. His reasoning passed out of the realm of pure legal thought into the sphere of politics when he said: "Public opinion being what it now is, few will protest the conviction of these Communist petitioners. There is hope, however, that in calmer times, when present pressures, passions and fears subside, this or some later Court will restore the First Amendment liberties to the high preferred place where they belong in a free society."

Others to resist the McCarthyite hysteria included many democratic organizations which were simultaneously carrying on a campaign for peace and for reaching some form of an

agreement with the Soviet Union. Here we must note the American Civil Liberties Union (ACLU), which overcame its own internal crisis to contribute energetically to the fight against McCarthyism. Liberal intellectuals never ceased to voice their protest at various rallies and meetings. A major effort was also exerted by the National Association for the Advancement of Colored People (NAACP), which, despite its renowned indecisiveness, managed to ward off the influence of the McCarthyite movement from the Black population. Many Protestant organizations put up stiff resistance to McCarthy. Here, as well as in the effort to establish peaceful contacts and cooperation with the Soviet Union, the Quakers were most active. Both the faculty and the student body at the universities managed to show signs of resistance to the delirium sweeping the country. The eminent scientist Linus Pauling provided an outstanding example of fortitude when he refused to yield an inch to the reactionaries and militarists even during the gloomiest years. The prominent historian Henry S. Commager did not tone down his attacks against infringements of democratic freedoms and subjected the dogmas of reactionary crusaders to scathing criticism in his popular writings. The movement for a rational atomic policy and disarmament took shape and gained wide support among university students and faculty. The fight by the liberal democratic forces in the USA against McCarthyism is vividly portrayed in *Freedom Is as Freedom Does*, written by the eminent defender of civil liberties Corliss Lamont.

The anti-McCarthy views held by liberals and the progressive intellectuals were popularized by a number of journals and newspapers. In the forefront of the anti-McCarthy press was the *Nation*, which even denounced the sentences handed out to Communists in 1951 and upheld by the Supreme Court. Newspapers of note in this fight included the *New York Post*, the *Amsterdam News* (N.Y.), the *Saint Louis Post-Dispatch*, the *Louisville Times and Courier* (Kentucky), the *Capital Times* (Madison, Wisconsin) and others which refused to sully the banner of bourgeois democracy.

Finally, we should not ignore the resistance afforded among the elite of the ruling class to the extremities of McCarthyism

and militarism. By supporting the Democratic candidate for President in 1952, millions of people were voting against McCarthyism. Adlai Stevenson represented moderate liberalism both domestically and in foreign affairs, and in the obtaining circumstances this in fact was a contributing cause of his defeat. The extremes of McCarthyism ran into particularly stiff resistance in the Senate, where Republican Ralph Flanders and Democrats Herbert H. Lehman, Estes Kefauver, Paul Douglas, Hubert Humphrey and others snubbed McCarthy and at the close of 1954 managed to dethrone him. The list of opponents to reaction and militarism should not be closed without including Eleanor Roosevelt, who displayed more political courage than most liberals during the first half of the 1950s.

By the close of 1954 McCarthyism had been dammed as a political movement. But McCarthyism collapsed not so much because of a mass political struggle against it as by its own internal disintegration after the Republican elite rejected the Frankenstein which it had created and which had gotten out of control, damaging the domestic and international stability for which the Eisenhower government was striving.

### *Chapter VIII*

## THE PERIOD OF CONSERVATIVE "CONSENSUS" (1955-1960)

### 1. Socio-economic Developments

Any analysis of the socio-economic development of the USA in the 1950s should give space to such striking features as the lagging rate of industrial growth and the frequent crises; to the beginning of the massive automation of numerous branches of production and gearing up for the scientific and technological revolution; to the marked structural changes in the labor force expressed in the proportional decline in the number of blue collar workers and increase in white collar employees as well as in the abrupt decrease in the number of both farms and farm workers; to the imbedding of militarism in the structure of capitalist reproduction in peacetime; and to the further consolidation of state-monopoly capitalism despite the fact that a government was in power whose representatives had argued while the Democrats were in office that the state-monopoly policies followed by the latter amounted to "creeping socialism".

In the brief interval between 1948 and 1960 the American economy underwent four crises despite government attempts to impose control. The first was in 1948-1949, the second in 1953-1954, the third in 1957-1958 and the fourth in 1960-1961. Industrial growth averaged a mere 2.5-3 percent during the 1950s, and if we exclude the interval 1950-1952 when the American intervention in Korea primed the economy, average industrial growth for the period 1953-1961 stood at still more modest 2.3 percent.

Unemployment, now a chronic feature of the era of the



general crisis of capitalism, was exacerbated by the recurring economic crises. While during the first decade following World War II unemployment stood at 4.2 percent of the work force, during the second half of the 1950s the figure rose to 5.7 percent.

The economic situation in the 1950s bore no correspondence to what had been envisaged by the lawmakers who drew up the employment act of 1946. The three basic goals of this act—preventing stagnation, achieving maximum employment and warding off inflation—remained pious hopes. The first two have already been discussed. After the second bout of sharply rising prices at the outset of the Korean War (the first followed on the heels of World War II) it was easier to deal with inflation, for the rate of industrial growth and business activity in general slowed down.

However, at the peak of the economic upsurge in 1956 and 1957 prices skyrocketed and the USA suffered its third postwar bout of inflation. American economists had long been aware of the fact that prices were steadily increasing even during the period of slack business activity such as in the '50s. Before World War II the phenomenon had been a rarity, but after the war it became the rule, a constant in the economic structure. Many specialists and even more journalists are inclined to locate the key to this development in the allegedly unbridled market power of the trade unions. Trade unions unquestionably exert a major influence in determining prices, but the epicenter of inflationary tendencies and crippling price increases must be sought elsewhere, namely in the growing dominance of the monopolies in both economy and politics. This dominance is not confined merely to the "market power" of the corporations—which is not even denied by orthodox bourgeois political economists. The reports turned out by the Council of Economic Advisers made frequent mention of the fact that major firms artificially jacked up prices in the upturn phases of cycles, even when the rate of industrial growth was extremely low and demand soft. This despite the fact that from the market point of view no pressure was being exerted. This disturbed the Council so deeply that during Eisenhower's second term in office it made an-

nual appeals for "responsibility" from "private groups" (meaning by this both the corporations and the unions) and urged the President to utilize his authority more energetically in order to stabilize prices.

Price increases are an inevitable concomitant of capitalism at the state-monopoly stage. A number of causes underlie this fact; among them the mounting tax burden, the militarization of the economy and the overstraining of all sectors of the economy to meet the global commitments of American imperialism. In their analysis of the phenomenon of steadily rising prices bourgeois economists make no note of the fact that with the state-monopoly character of postwar capitalism monopolies gained new powerful levers of influence through the merger of economic and market strength with the political might of the multi-faceted governmental apparatus. The merger of state and property proceeds hand in hand with the state incorporation of all economic and social processes, and here the monopolies play a key role providing the foundation for the state-monopoly structure.

We should not ignore the relative brevity of the economic crises falling between 1948 and 1961. While between 1854 and 1939 the US economy was in a crisis and depression state no less than 43 percent of the time, between 1948 and 1961 the figure was only 29 percent. Between 1946 and 1970 the US economy was in a crisis state for a period of 52 months, that is, roughly 18 percent of the interval. The duration of such dips varied from 8 to 15 months, while before the war they had averaged 21 months, on only 3 occasions lasting less than 13 months. Turning to the degree of decline, we should also note the relative moderation of the curve. During the crises of the 1948 to 1961 period output decreases were between 7 and 14 percent; in the nine months between July 1953 and April 1954 output fell by 10 percent; between February 1957 and April 1958 (14 months) it fell 14 percent; between January and December 1960 (12 months)—7 percent, with a further decline, after a brief "mini-boom", in January and February 1961. Now, during the crises falling between the two world wars production de-

creases were between 6 and 52 percent—and only once less than 14 percent.

Government economic policies were of considerable importance in bringing about these changes. At the state-monopoly stage of capitalism government policy becomes an inseparable element of cyclical development and leads to a certain deformation of the cycle. This statement is particularly relevant for the 1950s, for the reins of power were held by the Republicans, who for the past 20 years had been extolling a hands off business policy. Even after Eisenhower had left the White House he continued to claim that all the achievements of the American economy of the 1950s were to be explained by putative governmental non-interference in the affairs of private business. But in reality the Republicans made broad use of the state-monopoly mechanisms built into the American economy during the 20-year period of Democratic government. In its attempt to overcome crisis manifestations the Republican government turned to financial and banking measures of economic intervention in order to implement tax and monetary policies fitting the situation. In 1953 and 1954, for example, it resorted to reductions of corporate as well as personal income taxes as a means of increasing effective demand. Increasing use was made of all three basic elements of banking (monetary) policy: a reduction in the minimal fixed reserves of the Federal Reserve System banks in order to encourage the flow of money to the market; a similar reduction in the bank rate to make credit more readily available; and finally, market operations, such as the dumping of government monetary reserves in order to increase the level of business activity. These tactics were even more widely employed during the crisis of 1957 and 1958, which was more profound than the two preceding ones. Such an approach was now second nature even to Eisenhower's coterie, which was staffed with former "rugged individualists". To be sure, initially this coterie tried to manage the economy according to the prescriptions set down by Hoover and Taft and in 1953 even dismantled a key element of Hoover's state-monopoly structure—the Reconstruction Finance Corporation.

The 1966 report of the Council of Economic Advisers observes that, caught in the squeeze of recurring recessions, "...the Republican Administration of President Eisenhower adopted measures that had previously been linked to the New Deal and Keynesian economics." It did so with no real enthusiasm, and at times even deliberately turned to measures more closely associated with Hoover and Taft, only to learn the hard way that such a tack worsened the crisis phenomena. This was the case when the Federal Reserve System tried to increase the rate of discount and the level of reserves in conditions calling for just the opposite. Nothing came of Eisenhower's idea of balancing the budget, another notion borrowed from the philosophy of "rugged individualism". The government immediately realized that federal expenditures were essential to support the industrial activities of the monopolies. This was precisely the underlying motivation for the three most substantial measures ventured by the Republican Administration in the 1950s: the enormous highway construction, the St. Lawrence Seaway project and vast housing construction. The Republicans could not have done homage to Herbert Hoover if while undertaking these state-monopoly measures they had not emphasized their respect for private initiative—in all these given measures the government worked with the monopolies on a parity basis. The Republicans announced that as distinct from the Democrats they would not subordinate private business to the state (as a matter of fact, the Democrats had not engaged in this either), but wanted to stimulate business through government aid.

The more marked articulation of the state-monopoly nature of American capitalism in the 1950s demonstrates the close fit of this process with the objective laws of economic development, irrespective of the stance taken by the ruling circles. Quite the opposite, even the individualist elements of this elite were forced to bring their views into conformity with the needs of the time and catch up with those who had done so decades before. Under the Republicans, as previously under the Democrats, government outlays became a means of furthering the militarization of the economy. Total



military expenditures, after dropping with the end of the Korean War from \$66 billion in 1953 to \$54 billion in 1956, began a new relentless growth from \$56 billion in 1957 to \$60 billion in 1960. If we compare these figures with those of the prewar year of 1949—\$30 billion (all figures are in constant prices)—it is not difficult to see that the Republican government had made a substantial contribution to the military-industrial complex, the danger of which was pointed out by one of its promoters, Dwight D. Eisenhower himself, before stepping down as President. During the peacetime 1950s the US economy took on such sharply articulated militaristic features that participants in the November 1960 Meeting of Communist and Workers' Parties were quite justified in stating: "The most developed capitalist country has become a country of the most distorted and militarized economy."<sup>1</sup>

As we mentioned above, the wide-scale introduction of automation in industry, trade and the service industry was a characteristic feature of the economic development of the USA in 1950s. Automation made headway along four basic paths: the use of automated machinery; the use of assembly lines in all production stages from raw material to the finished product in a number of metallurgical and affiliated branches; the introduction of automatic control systems; and the installation of computers. The first two routes were nothing fundamentally new in American industry. They simply spelled the improvement and radical expansion of methods formerly limited to isolated sectors and plants. But the latter two categories were innovations of the 1940s and 1950s. Computers and automatic control systems in the 1950s were having a revolutionary impact on the economy. They fundamentally altered the internal structure of the electrotechnical industries while simultaneously altering the profile of a number of others, and notably the oil and chemical. In 1955, the USA already had 1,000 computers. They gave an impetus to the application of automated and conveyor meth-

<sup>1</sup> *The Struggle for Peace, Democracy and Socialism*, Moscow, 1963, p. 41.

ods in all branches of manufacture and then penetrated the spheres of management, commerce and services. The value of automatic installations put into service in 1960 exceeded \$6 billion. This figure surpassed by 75 percent the sum value of the equipment installed during the previous six-year period.

The decline in the numbers of the rural population was precipitous in the 1950s. Despite the growth in agricultural output (taking 1950 as 100, the index increased to 108 in 1953 and 126 in 1960) net farm income declined from \$16.3 billion in 1951 to \$12 billion in 1960, while mortgage indebtedness rose steadily, from \$5.3 billion in 1949 to \$12.1 billion in 1960. This left hundreds of thousands and even millions of farms insolvent, and their number dropped from 5,389,000 in 1950, to 3,711,000 in 1959. In 1950, the US rural population totalled 25 million; by 1959, it had sunk to 21 million; which in proportion to the country's entire population meant a dip from 16.6 to 12 percent. Of particular importance is the sharp decline from 1950 of the farm population in the 18-44 age group. The farms were being drained of their most vital work force. There is statistical evidence to demonstrate the further polarization of the agricultural economy—the decreasing role of small farms and across the board growth of large-scale cash-crop farms. During the decade under consideration the number of farms with holdings of under 500 acres decreased, while those with holdings above that figure increased from 303 thousand in 1950 to 336 thousand in 1959. The weight of the latter in both production and total farm income increased even more radically.

While discussing the state-monopoly nature of American capitalism we should keep in mind its distinctions from the state-monopoly capitalism in Europe. The USA does not have a nationalized sector on the scale of that obtaining in Europe where it is one of the key elements of state-monopoly capitalism. This provides evidence of the relative durability of the private property foundations underlying state-monopoly structure in the USA, for it is the infirmity of these foundations which gives the impetus to bourgeois nationali-

zation. Thus the citadel of state-monopoly capitalism is at the same time the citadel of private property relations.

For all the uniqueness of this situation, there is no reason to see anything illogical in it. The state incorporation of the economic and social processes, forming the basis of the development of state-monopoly capitalism, represents a broader category than the government property *per se* in the form of nationalized plants and sectors of the economy. As a matter of fact, there is such a thing as government property in the USA; its value has steadily grown (in constant prices) from \$90.3 billion in 1939 to \$170.9 billion in 1949 and \$224.9 billion in 1958. But this should not be the pivotal criterion in determining the degree of state-monopoly development. A more important indicator may be found in the degree of state-monopoly link-ups in the production process, that are expressed in the financial, credit, monetary and budget policies of the state, all aspects of which are designed to meet the needs of the monopolies. The government presence in the modern US economy is something more complex than the mere ownership of this or that sector of the economy. Thus, it is necessary to analyze the entire complex of government activity, extending also to social measures, in order to comprehend the stage achieved in the evolution of US state-monopoly capitalism in the 1950s.

## **2. The Dominant Conservatism in the Bourgeois Parties' Ideology and Policies**

In 1954 and 1955, the USA began to extricate itself slowly from the swamp of McCarthyism into which it had sunk during the troubled years between 1949 and 1954. However, the "recovery" from this disease (to change the metaphor) germinated by monopoly dominance was at best a partial one. No effective social medicine could be found to rid the country of the roots of McCarthyism. The epidemic was halted, the sores lanced, but the danger of recrudescence persisted.

At first Eisenhower and his headquarters considered that the country's chief ills stemmed from the New and Fair

Deals of Roosevelt and Truman. The conservative approach was everywhere juxtaposed with "creeping socialism". This suited the McCarthyites, who had high hopes for the President. In fact, however, their aspirations of drawing Dwight D. Eisenhower into the band of reactionary crusaders were disappointed. The President turned out to be a conservative—no more and no less. He believed that property-owning groups were tired of the 20 years of instability brought about by mounting governmental interference with their prerogatives; that the moral and political fibre of the country was being worn out by constant overstrain resulting from too ambitious goals set by the Democrats in both domestic and foreign policy; and that it was time to find a way to put an end to the bacchanalia created by jingoists in both parties which was now threatening to plunge the nation into a profound political crisis.

Since in the first half of 1954 the Republican Party was in Adlai Stevenson's words "half-McCarthy and half Eisenhower", the President decided to dissociate himself from the McCarthyites for he believed that a continuance of the alliance was incompatible with his own political goals. He also retreated from the old Hoover-Taft formula of political conservatism drawn up by the "rugged individualists" of the 1920s and he even borrowed a few bits and scraps from Roosevelt's "creeping socialism" which not so long before he had used (in chorus with McCarthy) to frighten Americans.

Eisenhower's cabinet made up almost exclusively of millionaires included figures who were quite capable of accommodating themselves to state-monopoly ideology and practice: among them Secretary of the Treasury George C. Humphrey (a leader of the Midwestern financial group) and Secretary of Defense Charles Wilson (from the Morgan empire). The latter was the source of the notorious phrase he uttered to a Senate committee: "what's good for General Motors is good for the country".

One strong stimulus for the socio-political education of the Eisenhower government was the crisis of 1953-1954 which set the Republican Administration on what was essentially a Rooseveltian state-monopoly path. *The New York Times*



rather accurately pinpointed the government retreat in early 1955 from Taft principles to "a limited extension of measures along the lines of the New Deal". If we compare the Presidential State of the Union addresses of 1953 and 1954 on the one hand, and 1955 on the other, there can be no question that this was the case. Subsequently, this adoption of New Deal-type measures was embodied in Eisenhower Administration projects for highway, residential and school construction, health insurance and liberalized social security benefits. The plans were not a breath of fresh air, nor did the White House push them through as boldly as those drawn up during the time of FDR, but their overall thrust was unquestionably state-monopoly oriented, or "false" from the point of view of "rugged individualism". When Eisenhower had been President of Columbia University he had permitted himself such expressions as: "If all that Americans want is security, they can go to prison." After entering the White House in 1953 and taking up the accompanying responsibilities he was compelled to retreat from this interpretation of social security and then even to work for the extension of the system. Under his administration annual outlays on social insurance exceeded by \$4 billion the figure set during the time of the Truman Administration.

Alterations were made in the political rhetoric employed by the White House staff. While in 1953 and 1954 the most homage was given to the word "conservatism", from 1955 the word was always accompanied by a modifier—and even at times replaced. The phrases "dynamic conservatism", "progressive conservatism", "progressive moderation", "moderate progressivism" and the like were in great profusion. Since Woodrow Wilson and particularly since FDR's New Deal, each administration has felt obliged to come up with an appealing catch-phrase to characterize its political course. No permanent label was attached to the domestic policy of the Eisenhower Administration, but "Eisenhower conservatism" did not seem to suffer as a consequence. Eisenhower entrusted the task of explaining this term, to reflect the socio-economic philosophy of Republicans of the 1950s, to his personal economic adviser Gabriel Hauge.

On October 14, 1955, Hauge publicly outlined the principles of Eisenhower conservatism. As the President wrote in his memoirs *Mandate for Change*, the Eisenhower conservative: 1. "wants to conserve the system of free markets and private initiative"; 2. "...intends to preserve our tradition of incentive and reward"; 3. "rejects the doctrine that our economy must always run a temperature to stay healthy, rejects inflation as an instrument of national policy"; 4. "seeks to conserve the market mechanism when the government must act to avert a depression or inflation. Implicit in this principle is the belief that government must not follow a laissez-faire, eyes-upward policy in the midst of human poverty. But it affirms that whenever the government intervenes in the economy, its goal must always be maximum economic freedom for the individual"; 5. "seeks to conserve and strengthen economic ties among free nations."

This was the credo of official conservatism in the 1950s. The first three principles are clearly in the Republican tradition and reveal the authors to be rooted in the experiences of the 1920s and to have opposed the Democratic state-monopoly concepts between 1933 and 1953. The fifth point could have been just as easily put forth by the Democrats. The main point, however, is the fourth one, for here the Eisenhower Republicans threw away the moth-eaten suit of "rugged individualism" and gained a more fashionable look. Eisenhower conservatives felt compelled to add their signature to a statement recognizing, albeit cautiously, the crisis in the foundations of the private property system, as a result of which monopoly capitalism had grown over into state-monopoly capitalism.

The Republican administration realized that governmental power was becoming a more important socio-economic tool than it had been when Republican civil war generals were in the White House or under the last bulwarks of the old brand of Republicanism—Harding, Coolidge and Hoover. The course of events since the early 1930s had turned the Republicans into neo-conservatives (just as the Democrats had evolved into neo-liberals) employing the power of government more energetically than in the past and trying to

use this power to retain existing socio-economic relations as well as apply the brakes to history, prevent the inexorable negation of the capitalist mode of production.

Eisenhower neo-conservatism was embodied in a number of measures designed to strengthen the private-monopoly foundation of the economy with the help of the state. Eisenhower was not averse to squandering the nation's resources in the interests of the major corporations. In agriculture, government aid was redirected from the Democratic policy of price supports to one of reducing the number of marginal units. Here Eisenhower followed the lead of one of the Twelve Apostles of the Mormon Church Ezra Taft Benson, Secretary of Agriculture. Together they pushed through a "flexible parity" law which, while continuing price supports, reduced aid to the more marginal units by lowering the ceiling on parity. E. Benson urged a complete cut-off on support for "non-productive" farms, and the Land Bank program of 1956 went a long way toward meeting his wishes. Those farmers which left untilled a specific portion of their land received subsidies from the Land Bank. The chief winners were the big cash-crop farmers, who put aside a goodly share of their marginal land to be eligible for the subsidies, and stepped up production on their more fertile holdings. More than half of the subsidies were cornered by the 10 percent of all farms which stood least of all in need. Eisenhower's tax policies were also designed to benefit most those who already enjoyed considerable prosperity.

In these efforts he enjoyed the support of the party's right wing, which was now bereft of an unchallenged leader but where the prevailing tone was defined by a group of senators including William Knowland, Styles Bridges, John Brickner and William Jenner, who enjoyed the support of Douglas MacArthur, ex-President Hoover and other party elders. When Eisenhower tried to lend his weight to the injection of even a small dose of government aid to relative social progress this right wing stoutly resisted. It even frowned upon such a measure as Eisenhower's conservative amendment to the Taft-Hartley Act. They defeated plans for government aid to school construction as they did other state-

monopoly initiatives implying the acceptance of a larger measure of social responsibility by prosperous strata. Republicans oriented toward state-monopoly policies were forced to seek an alliance with the Democrats. This also involved practical political considerations, for the Democrats gained majorities in both houses of Congress in 1954.

In the 1950s, the Democratic Party continued to be a more complex political coalition than the Republican Party. Southern Democrats were predominantly "states-rights" advocates, which brought them close to the Republicans calling for limits on the role of the federal government. The reactionaries from the South were above all concerned with safeguarding their racist policies and were ready to support anyone in Washington who promised to retain the status quo with the Black population. But those southern Democrats who had a broader outlook on politics realized that the "Negro problem" however important could not be allowed to crowd out all other considerations. Leaders of this type included Sam Rayburn and Lyndon Baines Johnson, both of Texas and holding the posts of Speaker of the House and Senate Majority Leader respectively, which made them party leaders at the national level. Exerting a guiding hand over all matters before Congress and having influence over other party leaders, they managed to concentrate in their hands real power in both party and Congress.

The middle 1950s witnessed a resurgence of the liberals from the North-East. In March 1955, a convention of the Americans for Democratic Action denounced the reactionary campaign of the preceding five years, including the anti-communist law of 1954 adopted by their fellow liberals. However the ADA continued to advertize their own anti-communism and called for energetic application of laws against "espionage and sabotage". Liberalism was not entirely in vogue in the second half of the 1950s. Still signs of a liberal revitalization in both thought and action were on hand. During this by no means liberal period in US history the banner of liberalism was carried by Adlai Stevenson. The group clustering around him, while relying on the trade unions and intellectual community, had supporters in big



business as well, which made their brand of liberalism still more moderate. One of the leading ideologues of this group, Arthur Schlesinger, wrote that this was a time of "qualitative" rather than "quantitative" liberalism, meaning by the former moderate steps to upgrade existing achievements and limiting the scope of the effort for new reforms. When Schlesinger drew up a memorandum based upon the principles of "qualitative" liberalism and presented it to the party leaders, even this moderate variant met with little enthusiasm on their part. In the October 1955 issue of *Fortune*, Adlai Stevenson published an article on the future of American capitalism where he denounced the critics of big business and even added that the term "economic royalists" employed by Roosevelt was "an unfair and unfortunate epithet".

The Democrats were even less successful in the presidential election of 1956 than they had been in 1952. Stevenson and Kefauver were defeated by Eisenhower and Nixon, which, however, was not so much an indication of the weakness of the Democrats as of the popularity of Eisenhower, who had satisfactorily quelled the passions raging before his accession to the White House. In fact, the Democrats retained their supremacy in Congress, and for the first time since 1848 a victorious presidential candidate was faced with the defeat of his own party in both houses of Congress. The Democrats were proving that since 1932 they had earned the title of majority party. Specialists estimated that during "normal" times the ratio of Democrats to Republicans in terms of strength among the electorate was 3 : 2.

What population groups were drawn to the Republican Party in these circumstances? In reality it was a rallying point for enemies of social progress and advocates of a brand of individualism favoring the prosperous. At the same time this explained the party's minority status.

Their Democratic opponents had from the early 1930s added new important areas of support to their old bastion in the South. The bulk of the trade unions, majority of the Black population, of recent immigrants and of all religious, racial and other minorities suffering discrimination in the USA now took the side of the Democratic Party. The Demo-

crats were also linked with influential monopoly circles in the Northeast, the large segments of urban petty bourgeoisie, liberal intelligentsia and student body which was not particularly active in the 1950s.

Soviet literature on the subject correctly emphasizes the absence of fundamental ideological or political differences between the two parties. But attention should also be paid to the watershed dividing them according to the distinctive social strata giving their support to each party. The key distinction concerns the stance towards the role of the government in modern society, the balance of individualism and collectivism in the approach to contemporary problems. Thus, despite the relative fluidity of parameters, which may increase or decrease during election years depending on the circumstances and the choice of candidates and which allows for considerable shifts in voting patterns, we still may trace a certain degree of consistency in the party affiliation of the various classes and strata of society.

The Democratic Party remains, despite the fluctuations of the political struggle, the more adaptive to the realities of state-monopoly capitalism. This explains the firm support given it by broad strata of the business world, which supposedly should be alien to its "collectivist" ideology. This, incidentally, provides a weighty argument against the method, sometimes absurdly simplistic, of ascribing to each and every major political figure in the USA an affiliation with a specific monopoly or group of monopolies. The contemporary bourgeois politician is a statesman and national figure as never before and is now more than ever previously compelled to concern himself with the interests of his class as a whole. He may well have no direct ties with specific monopolies, and even if he entered government from the board of a corporation this does not mean that he will necessarily place corporation interests above all else.

During the second half of the 1950s much attention was given to the so-called "end of ideology" thesis. The "non-ideological" Eisenhower was certainly a convenient figure for the proponents of this theory. In truth, Eisenhower was

not as rabidly interested in pushing his own party as a President was expected to be. Still, the President and all other major figures in both parties continued to be the proponents of the overall interests of the monopoly bourgeoisie. The popularity of the "end of ideology" theory was facilitated by a number of objective factors. The influence of experts had increased in both business and politics, which bourgeois science interpreted as signalling the decline of the elite of the property class and the emergence of an era of non-ideological, non-partisan managers. This specious understanding of the objective process of the separation of capital functions from capital property is subjected to a convincing refutation in a monograph by the Soviet economist S. M. Menshikov in his *Millionaires and Managers*, where the author demonstrates that the dominance of the big capitalists is not weakened by the above-mentioned process. In fact this dominance is strengthened, while the degree of social parasitism increases correspondingly. The concept of the "end of ideology" was also boosted by popular weariness with the cold war tensions and McCarthyism. This exhaustion was brought on by the necessity of "toeing the ideological line" even on questions of little importance.

All of this engendered a politics of "consensus", according to which neo-liberals moved substantially to the right while neo-conservatives moved slightly to the center. Stagnation ensued, fed by a reluctance to look boldly at the problems confronting the USA, a refusal to pay attention to the needs of the working people and all underprivileged classes, voter apathy, an unwillingness to rub salt in existing wounds, the exaltation of moderation and mediocrity, of conformism. The country brought up a "silent generation" of young people.

The social and political life of the time was marked by boredom, inexpressiveness and dullness. As could be expected in such a situation, the church now came to the foreground, for a yearning for a faith was a natural consequence of the prevailing conformity. The USA entered a period of "religious boom". An opinion survey conducted in 1958 yielded astonishing results: 98 percent of the adult population

maintained a church affiliation (of their number 56 percent Protestant, 36 percent Catholic, 5 percent Jewish and 3 percent other faiths). Of course, we should not interpret this data as indicating an overwhelming interest among the American people in theology or a religious world view. Rather, it was an expression of the desire to escape from reality into religion and even more—to find a convenient set of manners verifying one's respectability and "Americanism". The latter was of overriding importance for the huge army of civil servants and millions of petty bourgeois citizens. Their religious affiliations fit rather neatly into the formula of "conspicuous consumption" coined by the famous American economist Thorstein Veblen.

The idea of a conservative "consensus" established deep roots in American historiography. This was a time of prosperity for neo-conservatism among historians, led by Daniel Boorstin, Robert E. Brown, Clinton Rossiter and many others, who sat down to rewrite US history by exorcizing all signs of social conflict and subjecting to posthumous criticism historians such as Charles Beard and Vernon L. Parrington who had allowed for conflict in their treatment of American history.

The most important piece of legislation engendered by the neo-conservative and neo-liberal consensus of the 1950s was the anti-labor Landrum-Griffin Act sponsored jointly by the two major parties. The so-called "reform" measure altered the Taft-Hartley Act to the detriment of the trade unions. The new act contained three main provisions: government authority over the internal affairs of trade unions was extended; stronger sanctions were introduced against secondary boycotts; new restrictions were imposed upon communist activity in the trade unions. The anti-union concepts elaborated in labor relations theories in the 1950s were of major help in winning the acceptance of this "reform of labor legislation", which indeed gained substantial bipartisan support in both Houses (in the Senate the vote was 95 to 2 in favor of the bill, in the House it was 352 to 52). This was a true face of the consensus, with not merely conservative but obviously reactionary features.



### 3. Foreign Policy Under Eisenhower and Dulles

While in 1953 and 1954 the main architects of US foreign policy were Dulles and Eisenhower, with regard to the second half of the decade the two names should be placed in reverse succession. To a degree it may be said that what happened to McCarthy in domestic policy also happened to Dulles in his field: each suffered defeat and achieved a certain notoriety. Moreover, while McCarthyism did not disappear with the withdrawal of McCarthy himself, the same was even more true of the Dulles legacy. He himself held an important portfolio almost literally until his dying day (he died in May 1959, after being succeeded by Christian Herter in April of the same year). Dulles' aggressive policies lost ground even more imperceptibly than did McCarthyism in domestic affairs. In substance, Dulles' formulae were never fully rejected by Washington, they were only transformed to accord with the new global correlation of forces and constantly threatened to reassert their former influence.

The mid-1950s and the end of the decade demonstrated the bankruptcy of Dulles' notion of "massive retaliation". The growth of the missile and nuclear capacity of the USSR as a result of economic and scientific advances put the founders of the doctrines of "liberation" and "retaliation" at a loss. The development of military and economic capacities were not the only concerns of the Soviet Union. Through consistent and realistic steps the USSR demonstrated a no less important fact—that it placed central importance on a political rather than a military solution to international problems within the framework of peaceful coexistence. Between 1954 and 1956, during preparations for and the actual conduct of the 20th Party Congress the CPSU and Soviet government put forth a whole series of constructive proposals of an international nature. The energetic peace efforts carried out by the USSR, proceeding hand in hand with an upgrading of its defense and economic potential, the strengthening of the socialist community with the conclusion of the Warsaw Treaty in 1955, and the withdrawal of the Third World

countries from the imperialist sphere both economically and politically—all this made inevitable a reconsideration of the Dulles-inspired false start of 1953 and 1954.

The phrase "peaceful coexistence" could now occasionally be heard pronounced by a member of the US ruling elite. Still, accustomed to the terminology of the cold war ("containment", "roll back", "liberation" and "retaliation"—to name a few) the Washington big wigs were not anxious to introduce this expression in their political lexicon. William Knowland, the Republican leader in the Senate, called peaceful coexistence a "Trojan horse". However, the notion of peaceful coexistence, defended by the Soviet government from its inception, continued to spread.

In 1955, the US government had to accede to a presidential journey to Geneva. Eisenhower wrote in his memoirs: "Few of my associates urged me to seek a 'Summit', indeed, almost without exception they were opposed to the idea." Dulles was particularly intransigent. The secretary of state tried to talk the President out of a meeting with "the communists" and Eisenhower was forced to demand that Dulles publicly state his agreement with carrying on negotiations in Geneva. The question of holding a meeting between the Big Four underwent lively discussion in the USA; the majority of Americans, tired of the cold war, expressed their approval of a summit.

But the idea also had numerous opponents. In the Senate J. McCarthy, already out of favor, introduced a resolution making American participation in the Geneva discussions conditional upon a number of preliminary concessions on the part of the USSR, one of them being the Soviet willingness to discuss the "liberation" of the East European countries. Although McCarthy's proposal was soundly defeated (77 : 4), it goaded on the knights of the cold war and had its effect on the President's conduct at Geneva. Dulles insisted on an agenda which would have made a meeting of the heads of state impossible. Just before his departure for Europe Eisenhower appeared on television and in a performance which followed a scenario drawn up by Dulles, gave what amounted to excuses addressed to reactionary and militaristic ele-

ments. He was warning beforehand that there should be no illusions about major advances. At the Geneva Conference itself Eisenhower, accompanied by Dulles, raised the question about the "enslaved nations" and "world communism" but found his partners unwilling to carry on the discussion.

The Geneva Conference did not lead to the solution of any specific international political questions and neither did the subsequent conference at a lower level of the ministers of foreign affairs. However it did establish an abstract—and to a measure concrete—"Geneva spirit" which did serve to relax the fears of the world public. One may well agree with Eisenhower's statement in his memoirs that despite the disillusionment following July 1955 the Geneva climate did facilitate an easing of East-West relations and opened an era of closer cultural, political and economic contacts. The Soviet-American cultural exchange agreement signed in 1958 would have been hardly conceivable without Geneva.

Eisenhower's participation in the Geneva conference improved, both domestically and abroad, his reputation as a statesman with a responsible approach to problems of international security. Even Franklin D. Roosevelt might have envied the heights of popularity Eisenhower reached in 1955 and 1956. Extreme reactionaries regarded Eisenhower upon his return from Geneva in the same way the most stubborn anti-fascists had looked upon Neville Chamberlain when he returned from Munich in 1938. However, the majority of the nation welcomed Geneva and greeted the news with a sigh of relief. Events soon demonstrated that any comparison between Munich and Geneva was fallacious although the knights of the cold war thought otherwise.

The post-Geneva foreign policy of the US lost a degree of the militaristic hue so dominant between 1949 and 1954, when it had been quite simplistic, the only differences appearing in the lengths of feverish aggressiveness to which ultra-patriots were prepared to act. Now it became possible to talk of peace with the Soviet Union without being subjected to moral and political condemnation or even court reprisals which at times happened in the past.

In September 1959 Nikita Khrushchev was the first Soviet head of government to visit the United States.

The Dulles doctrines did not hold up even for the time span of this brief historical interval. The best evidence of a weakening of the imperialist positions of the USA in international relations and of the strength of socialism and progress may be found in an analysis of the conduct of the American government during two events of the 1950s—the revolutions in Guatemala (1954) and Cuba (1959) respectively. While the first demonstrated the impunity and imminence of "inter-American" intervention, during the second the USA had to swallow the bitter pill and prepare a counterrevolutionary coup against Castro in secrecy and through covert operations.

The retreat from the extremes staked out by Dulles did not indicate a radical change in the foreign policy thrust of the US government. Militarism, the striving to weaken and destroy the socialist countries and the logically ensuing "military" solution to the question of competition between socialism and capitalism, neo-colonialism, the submission of European, Asian and American allies to the dictates of Washington—these remained the most important trends of US foreign policy. Between 1955 and 1958, the American government demonstrated in a series of actions in the Middle East that its adherence to the doctrine of "global responsibility" had by no means been reduced. In December 1955 Dulles knocked together the Baghdad Pact (when Iraq withdrew the name was changed to CENTO). As a consequence of the weakening of British and French positions after the debacle of the Suez adventure in 1956, the Eisenhower Doctrine was drawn up in the following year. According to this doctrine the USA was to fill the "vacuum" created by withdrawal of these two countries. In March 1957, Congress passed a resolution along the lines of the Formosa Resolution, this time giving the head of state the right to send armed forces to the Middle East. The Eisenhower Doctrine was backed up by \$200 million worth of "aid" delivered to reactionaries in the Middle East.

Slightly more than a year later the doctrine was tested



with the incursion of American troops in Lebanon in order to prevent the further spread of the Iraqi revolution. Bringing the world close to a dangerous brink, the USA was nevertheless forced in October 1958 to withdraw these troops to the fleet cruising in the Mediterranean at the time. This episode revealed the influence wielded by the so-called military-industrial complex in determining foreign policy. The Eisenhower Doctrine was in fact molded by the Pentagon and the oil corporations.

In accordance with its "new look on defense", the Eisenhower government did not wish to maintain the level of outlays for the "defense of the free world" reached during the Truman years. Instead it tried to dig into the pockets of its European allies, having gained, with the entry of West Germany into the NATO group, a partner well-disposed towards militaristic policies. In 1957 Washington even came up with the doctrine of "mutual dependence" intended to back up with theory the pressure on the military budgets of the European countries. But Europe was, as the Americans saw it, too infected with the "disease" of peaceful coexistence and evinced an enormous desire for independence, particularly with the accession to power in France of Charles de Gaulle in 1958.

The Rapacki Plan enjoyed fairly wide support in Europe. This was a proposal by the Polish minister of foreign affairs that a neutral military zone be created by the German states, Czechoslovakia and Poland. The idea was also greeted warmly by a number of Americans, including J. W. Fulbright, Mike Mansfield and some others. George Kennan, who by that time had become a leading foreign policy theoretician, even came up with a plan for "disengagement" quite resembling the Rapacki Plan. But "disengagement" ran into the strong opposition of the majority of politicians and foreign policy strategists. Dean Acheson was one of the first to criticize Kennan and his "...timid and defeatist policy of retreat". The former secretary of state gloomily philosophized: "For us there is only one disengagement possible—the final one, the disengagement from life, which is death."

US foreign policy and foreign policy doctrines in the sec-

ond half of the 1950s were marked by a lot of incoherence. Foreign policy strategists were in fact unprepared for the rapid growth in the strength and prestige of the USSR which the world witnessed—particularly after the launching of man's first Earth Satellite Sputnik in 1957. The so-called "realists" who called for a reconsideration of the underlying foreign policy concepts were gaining popularity. Hans Morgenthau, George Kennan, Walter Lippmann, Thomas Finletter, and other eminent specialists called for a readjustment of foreign policy doctrines to the changed realities, but remarked that the Eisenhower government was little capable of such changes.

US foreign policy (both theory and practice) did not reject militarism and military force as key elements. The only difference now was that there were fewer signs of reckless aggressiveness among ruling circles in Washington. As far as the militarization of the economy was concerned, the pace of the process was actually stepped up, exerting a corresponding influence on politics. American theories and practices proceeded from the assumption that the arms race even without a war would weaken and exhaust the USSR, so accomplishing what neither Truman nor Dulles could do. This goal was stated explicitly, and even trumpeted about. But silence was maintained in the USA on another score. Politicians and scholars tried to conceal the fact that without militarization the further development of the American economy seemed inconceivable to them, that even from the strictly economic angle they feared serious discussions on disarmament. Monopolists, military, the innumerable bureaucratic staff, the elite of political scientists, journalists, the leaders of various organizations and federations (including George Meany in the unions)—it was this entire complex of structures impermeable to progressive criticism or fresh suggestions, that grasped tightly on levers of politics. Thus Dwight D. Eisenhower could not even conceptualize foreign policy other than as projected by the military machine. He took only one step in this direction by making US foreign policy more passive, but he was under pressure for a more active one, and at times he bowed to pressure from the cold war

enthusiasts. The incident, in which a U-2 spy plane was brought down over the USSR in May 1960, revealed that by the end of Eisenhower's presidency foreign policy was entangled and crisis-bound, while at the same time it had a strong streak of aggressiveness, always threatening to bring back the worst aspects of the cold war period.

#### 4. The Labor and Democratic Movement

During the second half of the 1950s the working class and democratic forces were confronted with the task of repairing the damage done to the progressive camp by the cold war and McCarthyism. By itself no easy mission, the effort was complicated by the important internal changes taking place in the strata forming the objective basis for socio-political progress.

Two interrelated processes exerted a telling influence on the direction of the trade union movement in the middle 1950s, namely the automation of production and the swelling of the proportion of white-collar (non-productive) workers among the wage earners.

The first process posed problems such as the need to search for employment for workers edged out by automation; retraining of workers; the need to reconsider the established practices of seniority, since spontaneous alternations in them seriously threatened the position of local organizations; a review of rules and schedules on the job, as demanded, when signing new contracts, by management in the hope of edging the unions out in this sphere by calling loudly for the defense of "managerial prerogatives"; the growing intensification of labor which in conjunction with relentless price increases made imperative a more stubborn stand on wage increases; the growing complexity of social security needs (numerical growth of the pension age bracket, increases in unemployment, etc.), which made only too evident the inadequacy of the existing government social security system; and many others.

The second process was even more difficult for it touched

upon the contradictions between the various categories of workers. Millions of white-collar workers had objectively (in terms of their relationship to ownership and of their place in production) become a component part of the working class, but subjectively rejected the situation and protested against the demotion in social status and the exclusion from the "great middle class". Bourgeois ideologues only increased the psychological shock of those who had only recently considered themselves members of this middle class, by putting forth a variety of theories all of which intimidated the white-collar worker by "identifying" him with the "grey" mass of the blue-collars.

Automation increased the bulge of workers in the non-productive sectors. In the middle 1950s the USA became the first country in which the numbers of non-productive employees exceeded the number of those engaged in the productive sectors. This complicated the overall problem of unemployment and sharply increased the importance of qualifications in determining wages. An interesting transformation took place, the result of which was, on the one hand, a decrease in the importance of craft qualifications, and, on the other, an increase in the role of qualifications in getting a job, even at the lowest rungs where no skills had been required earlier. Thus, while the living standards as a whole went up in the 1950s, the position of unskilled workers took a marked turn for the worse. Now as never before poverty became associated with the lack of qualifications to fit the new situation. In other words, it took deep and lasting roots in the Black ghettos and among poor whites who had never had the opportunity to acquire skills. The door to well-paying jobs was closed to them.

In the mid-1950s, only 31 percent of American families had an income of over 5 thousand dollars, that is above the minimum necessary for a "healthy and decent existence". Roughly 30 percent of all families earned 2 thousand dollars or less. This combined with continual price increase, according to the standards established by the Heller Committee, the University of California, condemned such families to a life of poverty.



The trade union movement in the USA had to be sufficiently versed theoretically, correctly oriented and mobile in political terms and organizationally united in order to cope satisfactorily with highly complex socio-political problems which it encountered in the mid-1950s. Obviously, the leadership of various unions were aware of the situation. The most prominent unions—the automobile workers, steel workers, miners, transport workers and others—which were losing thousands of members with each passing year, recognized that this process represented the first social consequence of automation. The membership rolls in the automobile and aircraft industries dwindled from 1.5 million to 1.023 million (by 30 percent) from 1953 to 1961. A similar dip was registered in the steel industry, where between 1951 and 1961 union membership declined from 1.2 to 0.87 million.

The mounting problems confronting the unions forced the leaders of the AFL and the CIO to call off their feuding and in 1955 the two federations merged into the AFL-CIO. While recognizing the positive side of this event, we must not forget that the merger was on conservative foundations, and took place only after the expulsion from the CIO of all left-wing elements. The Meany clique retained the commanding positions in the new federation, which in effect excluded all possibility of radical changes in a progressive direction.

At the time of the merger the AFL-CIO leadership announced that it would double its membership within the space of a decade, arguing that potential new recruits for the unions numbered 26 million. Of this potential reserve more than half were in the ranks of white-collar workers—the hardest categories of employees to organize. More than 10 million of the potential reserve lived in the South and South-West, which were fenced off from trade union “interference” by a plethora of “right to work” laws and other reactionary legislation. There was another obstructing factor, namely the vestiges of racism in the ideology and practices of a number of unions, notably those formerly included in the AFL.

But the chief obstacle to the organizational plans of the

AFL-CIO was to be found in the basic ideology, policy and tactical methods chosen by the leadership itself. It was unwilling and in fact incapable of conducting a campaign in the style of those waged by the CIO in the 1930s, through mass struggle, by combining purely organizational measures with strikes, political demonstrations and pressure on the “open shop” citadel exerted from all directions. Meany and his coterie were so committed to state-monopoly policies which circumscribed the limits of what was admissible that they did not even consider taking militant action.

Meany and Reuther confined themselves to measures which specialists on labor relations call “button unionism”, that is, attempts to attract new members into the unions exclusively through terms written into collective agreements on trade union guarantees. Their ambitions did not reach beyond efforts to improve the specific terms of collective agreements. They dispersed the collective strength of the working class amid 125 thousand separate agreements instead of bringing the workers together to carry out a mass struggle. According to Sidney Lens, a Chicago union worker and author of *The Crisis of American Labor* (N. Y., 1959): “Labor has once again exhausted its *élan vital*. It is incapable of galvanizing millions of workers to zealous sacrifices. It is fighting today’s wars with yesterday’s weapons—very much as France tried to fight the Second World War with the Maginot Line concepts of World War I. Today’s wars are political, but labor’s chief efforts are on the economic plane. At least 90 percent—probably more—of labor’s efforts remains in collective bargaining. Labor refuses to face up to the demands of a new era.”

After World War II AFL and CIO efforts to organize southern workers were nipped in the bud. A decade later the AFL-CIO campaign to enroll new members collapsed without even getting off the ground. Apart from all other things, the AFL-CIO, ironically, feared new membership. They saw how difficult it was to retain slots for workers, given the increasing frequency of job reclassification that came with technological change, how much trouble temporarily unemployed union members could cause, and how

much added concern this all involved. They were particularly averse to organizing low-paid workers for it involved substantial outlays of money and expanded the number of aspirants for high-paid jobs, which the union functionaries jealously guarded from newcomers. This explains the pitiful results: between 1955 and 1960 union rolls showed virtually no growth, hovering at about 17 million members. This did not represent even a fourth of the total work force, which stood at roughly 70 million in 1960. The AFL-CIO and independent unions were especially weak in organizing professional workers and specialists, whose role in the economy was growing by leaps and bounds. In fact the proportion of professionals and specialists in union membership actually declined. A corresponding decline in absolute numbers was also registered: from 2.4 million in 1948 to 2.2 million in 1960.

Failing to link the search for solutions to the social effects of automation with the need for a fundamental overhaul of bourgeois society, the unions were helpless in the face of frontal attacks launched by the monopolies. Lacking a mass political labor party, working people in the USA were deprived of any counterweight to the bourgeois conceptual scheme explaining the events around them. Bourgeois neo-liberalism at best described unions as organizations which were concerned strictly with wage increases and reducing the workday, and incapable of formulating major proposals or advancing to the level of "social unionism".

Taking advantage of the evident gap between the neo-liberals and the unions, the neo-conservatives stepped up their anti-union pressure. Their main proposition was that the unions had too much authority, and that in the "national interest" this authority had to be curbed. The neo-liberals and neo-conservatives had much in common in their criticism of the unions. Each demanded public intervention in the internal affairs of the unions and accused the latter of engendering inflation. Each denounced collective bargaining as contrary to many aspects of the "national interests" and condemned the "irresponsible" use of strikes, while simultaneously calling strike tactics "outmoded".

The unions were also confronted with criticism from the radical wing, including the Communists. The latter, however, as distinct from the neo-liberals and neo-conservatives proposed that the situation be rectified by introducing a progressive socialist ideology in the union movement, while the efforts of bourgeois ideologues and writers calling for a "purge" (neo-liberals) and "straightening out" (neo-conservatives) through bureaucratic measures imposed by a reactionary government, led to imbedding the shortcomings in unionism even more deeply.

The ideas of "class harmony" blossomed in the 1950s as in no other time in the postwar period. Meany sounded out the plan of a "non-aggression pact" between labor and management while David McDonald, the head of the steel workers, called for "mutual trusteeship" and Walter Reuther worked for "equality of sacrifice" from business and the working class. This blunted the political vigilance of the unions, and after the 1958 elections, which were celebrated as the biggest victory for "friends of labor" since the New Deal, the Landrum-Griffin Act was pushed upon the workers instead of the expected progressive reforms. The union elite reacted to new restrictions on labor even more passively than in 1947. This time the leadership did not even work to organize resistance to the new law, and instead concentrated their energies on adjusting their union charters to the new terms.

Still, the class struggle did not "vanish" in the 1950s. The logic of events caught up those very leaders who were so concerned with achieving "class harmony". Numerous strikes broke out in defiance of the anti-strike stance of the union leadership. With the adoption of the Taft-Hartley and Landrum-Griffin acts it became very difficult to call strikes in the USA, for a variety of official barriers had now been placed in their way. As a rule, strikes were now conducted in conjunction with the expiration of the term of a collective agreement, for at other times they were nearly impossible to organize.

The monopolies began to impose long-term agreements on the unions, which in the US context meant for periods of



3 years or more. This practice became especially widespread with the step-up in automation. The prolonged periods of agreements ran very much against the interests of the workers, for work conditions were changing so rapidly that contractual terms could not take them into consideration beforehand. If a union presented new demands before the existing contract had expired, the management simply rejected them in the knowledge that the possibility of a strike was virtually nil, since article 301 of the Taft-Hartley Act allowed for suits to be brought for breach of contract in such instances. The major unions found a way out by including "escalation clauses" in their contracts, according to which wages were increased in proportion with the rising prices. This principle gained firm roots only after a protracted and stubborn struggle by the working class, and its application was the pivotal factor in assuring stability and even improvements in real wages during the 1950s.

Another important gain of the workers within the framework of the collective bargaining system was in the program of so called "fringe benefits", supplements to basic wages (paid vacations and holidays, bonuses and overtime pay, etc.). Social security benefits were liberalized within the framework of collective bargaining. Social security funds, raised either jointly or through levies exclusively from management, became a major source of income for the worker to supplement federal social security payments. The money involved amounted to billions of dollars. At first these funds were administered by the unions, but with the passage of the Teller Act of January 1, 1959, they came under strict government control.

Another question which came to the forefront in the class struggle of the 1950s was that of union say in work scheduling and production organization. With automation management increasingly imposed its arbitrary will in deciding upon production problems such as the composition of the work force on any given job, transfers of workers and the elimination of outdated job classifications. The monopolies brought to bear two highly important anti-union slogans, one—ending payments for "unfulfilled job" or "superfluous work"

which signalled sharp cutbacks in the work force and a marked intensification of labor, and the other—ending union interference in the employers' prerogatives. Employing both slogans simultaneously, the monopolies fostered an anti-union climate in the country and under the pretext that the unions were restraining technological progress as well as "grabbing" the prerogatives of the management they tried to reduce to insignificance the role of unions in production organization and to dictate their own terms to the workers.

The unions were now threatened with the loss of their already tenuous influence over the production process. This also had direct bearing on other key questions such as wage levels, union guarantees, and social insurance benefits. A wave of strike actions called "automation strikes" began in the USA. Many of the strikes were wildcat—that is to say, not sanctioned by the union leadership.

In 1955, the upper echelons of the unions had high hopes concerning the prospects for automation. Soon, however, these hopes vanished when the AFL-CIO leadership realized what conclusions corporation management were making on the subject. The AFL-CIO held a series of conferences on the question of automation. The most attention was given to the issue by the AFL-CIO department of industrial organizations headed by Walter Reuther, for automation was making the biggest inroads in the major industrial unions.

The severity of class contradictions during the period of conservative consensus was best reflected in the historic steelworkers strike of 1959, which lasted for 116 days. The steel companies were adamant and rejected the proposals for achieving "class harmony" coming from Meany, Reuther, McDonald and other union leaders. Management insisted on the steelworkers' capitulation. It demanded withdrawal of all union interference in production and guarantees of future docility, which even the AFL-CIO leaders could not stomach. Thus Meany's offer to convene a gathering of union and monopoly representatives with the goal of settling disputes on a no strike basis and swinging a joint anti-communist front remained a vain attempt; management will not always

do their part to achieve "class harmony" although the very idea is an invention of monopoly ideologues and serves them alone.

The conflict in the steel industry could easily be classified as one of the "automation strikes", for the companies' main goal was to eliminate point 2 (c) in the contract, which gave the union certain rights in the decision-making on production organization. The steel magnates sought to gain union consent to unilateral and arbitrary control over the placement of workers in teams, particular jobs and shifts in order to carry out drastic reductions in the work force, transfer many workers to lower-paying jobs and undermine the overall position of the union. The union was subjected to powerful pressure from the authorities and bourgeois media. The steelworkers were reminded that they should take the "national interests" into consideration. Appeals to a sense of patriotism were broadcast. Refusing to bow to pressure the union went through with its strike and Eisenhower invoked the emergency provisions of the Taft-Hartley Act: the courts produced an injunction against the strike. Still the workers emerged victorious after a stubborn fight. It is important to note that the communist and progressive press pointed not to the wage increase and fringe benefits gained but to the retention of the union position and limitation of the authority of the monopolies in allocating the work force in the steel industry as the central point in the victory.

All in all in 1959 there were 3,708 strikes in which 2 million workers participated and 69 million man-days of work lost—a record in the period after 1946.

The problem of arbitration occupied an even greater place in labor relations in the late 1950s than it had previously. The unions counterposed arbitration to managerial abuse and demanded its wider application in small-scale disputes in order to exclude unilateral decisions by management. A far-reaching debate ensued among managers and in the bourgeois press about the merits of arbitration. Reactionaries demanded that the role of arbitrators be reduced, arguing that their actions interfered with the prerogatives of management. Liberal circles called for extension of the functions

of arbitration in the name of "class harmony" and in order to moderate the efficacy of the strike action. In a number of decisions drawn up primarily by Justice William O. Douglas the Supreme Court in 1960 upheld the liberal point of view. To this day these decisions arouse the ire of the more reactionary of monopoly organizations, lawyers and labor relations specialists with right-wing leanings.

The position of the labor movement concerning a number of social and political questions was substantially eroded because of the narrowness of views of the official union leadership. This prevented the unions from serving as the vanguard in the struggle for democratic reforms such as racial equality, overcoming the consequences of the McCarthy era and ensuring a lasting peace. What was called for to approach such problems was the creation of a broad-based anti-monopoly coalition.

The absence of a mass labor party was felt as never before. The AFL-CIO had its own Committee on Political Education. The non-affiliated unions also had their political organs: for example the Non-Partisan League in the United Mine Workers. But all these political adjuncts did not even come close to fulfilling the functions of an independent labor party, even if we measure them with the yardstick applied, say, to the Labor Party in Great Britain. The idea of creating such a party never completely died out in the modern labor movement in the USA. It was even brought up in the AFL-CIO. At the Unity Convention of 1955 Michael Quill, the leader of the Transport Workers, said: "I believe the CIO is doing too much bowing and scraping before the Democratic Party. They say the CIO has no other place to go. But I maintain we have some other place to go. CIO should declare its position now on an independent party—before the merger becomes final." There was no response at the top of the AFL-CIO.

The idea of organizing a mass labor party had little chance of success also because of the arduous situation in which the Communists (the most fervent advocates of such a party since the 1930s) now found themselves. Subjected to cruel repressive measures by the authorities and to attacks by



bourgeois and reformist organizations and their ideological spokesmen, in the late 1950s the party also had to fight hard against revisionists and advocates of liquidation of the party within its own ranks. Captivated by the illusions of "prosperity" and "consensus" and equating the mistakes of the world communist movement which were brought out into the open in 1956 and 1957 with the substance of revolutionary theory and practice as such, John Gates, Alexander Bittelman and their supporters concluded that there was no alternative but to dissolve the Communist Party of America.

The 16th Party Convention, held in February 1957, succeeded in repulsing the revisionist onslaught. Defending the revolutionary principles of party organization and the party program, American Communists stood for "...a peaceful, democratic road to socialism". Gates however, as editor-in-chief of the *Daily Worker*, refused to publicize the decisions of the convention. Moreover, revisionists renewed their attack on the party. Alexander Bittelman was particularly active in publishing anti-party articles.

But the majority of party leaders immediately and resolutely resisted the revisionist-liquidationist moves. Led by William Foster, Gus Hall, Henry Winston, Elizabeth Flynn and other prominent party figures, Communists held their own and managed to defeat the right. In 1957 and 1958, William Foster wrote a number of important theoretical articles exposing the true nature of the revisionist and liquidationist views of Gates and Bittelman. Finding himself isolated, Gates withdrew from the party in February 1958. His supporters, refusing to revise their opinions, were expelled from the party ranks.

The 17th Party Convention was held in December 1959. The period immediately preceding the convention was marked by an increase in party membership, the first in a long time. The convention completed the struggle against revisionist elements. Gus Hall was elected General Secretary. The party again emphasized the need to establish an anti-monopoly coalition with the decisive role in it played by the trade union movement and mass activities. The convention officially deleted from the party platform the slogan of national

self-determination for the Blacks as adopted in 1928. The resolution on the Negro problem stated that it was necessary to fight for "the full economic, political and social equality of the Negro people" and that "though a specially oppressed part of the American nation, the Negroes in the United States are not constituted as a separate nation". In distinction from the evasiveness of bourgeois politicians, union leaders and Black intellectuals, the party pointed squarely at the social nature of Black oppression and stated directly that "the chief oppressor of the Negro people, and the primary beneficiary of their oppression, is the class of monopolists, the capitalist commanders of the economic and political heights of our present social system".

The time was indeed ripe for a sound theoretical formulation of the Negro problem. As the second half of the 1950s began one could feel the first vibrations of the massive civil rights movement which would roll across the land in the 1960s.

In 1954, the US Supreme Court made a landmark decision on the unconstitutionality of segregation in the schools. Prod-ded on by the growing coalition of Blacks and white civil rights advocates, Congress, in 1957, for the first time since the period of Reconstruction, passed a law on Negro civil rights, to which another statute was appended in 1960. These represented merely palliatives which the racists just the same refused to recognize, but in conjunction with the Supreme Court ruling on desegregation they gave an additional stimulus to the struggle for Black civil rights.

In violation of a tradition existing since the eighteenth century, the Supreme Court under Chief Justice Warren (appointed 1953) turned out to be more liberal than the Legislature and the Executive. Beginning in 1955, the Court responded affirmatively to progressive demands that the constitutional rights of US citizens be protected and imposed certain restraints on the McCarthyite fervor of lower courts and the Justice Department, notably the FBI incorporated in the latter. Warren himself, as well as justices Black, Douglas and Brennan even managed to enforce observation of the Fifth Amendment and other constitutional guarantees in a

number of court cases. The Warren Court became a favorite target for reactionary attacks. Right-wingers even labeled the Chief Justice a "pinko" and a "communist". In 1958 a bill was introduced into the Senate to limit the jurisdiction of the Supreme Court, whose latest rulings were called "a supreme victory for traitors". Democratic forces were mustered against this project and it was defeated, though by a slim margin (49 : 41).

The peace movement began to recoup its forces as the extremes of McCarthyism and the cold war gradually faded into the past. During the 1950s it did not gain a mass following, being primarily supported by some public and church organizations campaigning for closer contacts with the Soviet Union and for nuclear disarmament. It should be observed that union forces in opposition to unbridled militarism now began to gather strength. Despite the prohibition set down by AFL-CIO President Meany, a number of unions sent delegations to the USSR and upon returning they gave an objective evaluation of Soviet life and foreign policy. By the close of the decade advocates of peace had begun to move from petitioning to the first massive demonstrations against new war threat.

### 5. The Democratic Victory in the 1960 Election

At the close of the 1950s Americans looked back over Dwight D. Eisenhower's eight-year term in office. Two facts were recognized as indisputable by bourgeois public opinion. First, the transition to so-called "welfare capitalism" (as bourgeois ideologists and politicians called state-monopoly modes of thought and action), previously regarded as Roosevelt sedition was now complete and irrefragable. Second, the "global responsibility" of the USA was now given full recognition, though with one important modification—the recognition of the might of the socialist world and of the necessity of some form of peaceful coexistence. Neither of the two facts remained unquestioned, for reactionary indi-

vidualism had not lost its social roots and peaceful coexistence was in constant conflict with the bosses of the military-industrial complex. Nevertheless, these two facts had been solidly established in the consciousness of the majority of Americans.

The bourgeois press and other mass media were fairly unanimous in stating that Eisenhower had succeeded in carrying out his mission: he had stabilized the situation, calmed down passions, given more precise definition to "global responsibility" and resisted world communism without bringing existing contradictions to the level of full-fledged war. But here the criticism began. The Eisenhower Administration had been insufficiently energetic and inflexible, devoid of bold schemes and innovative measures. Of course, the Democrats were more vociferous in their criticism than were the Republicans, but often the dissatisfaction crossed party lines.

As the new decade and new presidential election approached the USA hummed with talk of the need for a fresh start and new leadership to replace the stale faces of the Eisenhower elite. Eisenhower himself came under criticism for leading the country into sluggish waters, a blind alley, a twilight region where all "national goals" were obscured. The barrage of criticism increased in pitch as a result of the major headway made by the Soviet Union in building socialism, in education, space exploration and in its policy of peaceful coexistence with the capitalist countries and aiding the developing states in Asia and Africa. The calque "sputnik", firmly established in the American vocabulary, prompted the bulk of the population to reconsider the situation both inside the country and abroad. A few months after the launching of man's first space satellite the magazine *Life* began publication of a series of articles pointing out that the USA lagged behind the USSR in both science and education, two spheres of immense and growing importance in the modern world. Defeat in the race to launch the first satellite (the USA put its first satellite into orbit on January 31, 1958), abashed the nuclear-arrogant military brass.

Just before the elections Eisenhower, responding to the



arguments of critics that the Republicans lacked a "national goal", appointed a commission to determine national goals for the coming decade. But this did not calm the wave of criticism, on whose crest the Democrats rode.

By the time of the 1960 elections the two parties were virtually at par. In the Congressional elections of 1958 the Democrats had succeeded in strengthening their hold over Congress, increasing their number of seats in the Senate from 49 to 66 and in the House from 234 to 280. The Republican Party was staggered by the defeat of 3 of its leading senators—Knowland, Jenner, and Bricker, that demonstrated the perils of remaining a McCarthyite while in high office. There were no real opponents to Richard Nixon in the Republican presidential nomination, not even New York Governor Nelson Rockefeller, the most powerful of potential rivals. With the Democrats the field of choice was more crowded. Stevenson was again a possibility, but most of the potential candidates were in the Senate, where Lyndon B. Johnson, John F. Kennedy, Stuart Symington, Hubert Humphrey and other lesser figures were all weighing the odds.

As it turned out the most desirable figure was Senator John F. Kennedy of Massachusetts, who won the backing of East Coast financiers, liberals, union leaders, party professionals and those who represented the Black population. There were difficulties with the Southern bloc, but Lyndon Johnson of Texas, who before the convention was regarded as the leading candidate, went against traditional party practice and accepted the position of running mate. The Democratic candidates were prepared to stump the country. But Kennedy's candidacy was not entirely satisfying to any one group in the party. The unions remembered him as a sponsor of the Landrum-Griffin Act, the business community was suspicious because of his flippant attitude towards the status quo and his liberalism; Kennedy was an unknown among the Blacks, while liberals knew him well as an opportunist of insufficient political courage. For these reasons the outcome of the election remained in doubt.

However, the overall political climate swung in favor of

JFK. Among other things, he was buoyed by a wave of emotion. The Senator's youth was considered just the quality needed to give direction, push new and fresh ideas and replace the politically and physically exhausted Eisenhower, the only American President to celebrate his seventieth birthday in the White House.

The Democrats squeaked through the 1960 election with a narrow majority of the votes. High hopes were placed in the new President who promised a "New Frontier". The country expected the energetic mobilization of all resources to revitalize the economy. It waited for reforms in education and social benefits, a solution to the racial problem and a clearing up of the festering urban slums. Kennedy was counted on to improve the international prestige of the USA although this was associated with new difficulties and dangers for the American people.

## Chapter IX

### THE STORMY SIXTIES

#### 1. The Impact of the Scientific and Technological Revolution on the Development of American Capitalism

The precipitous development of the productive forces, the wide-scale application of scientific advances in the production process and the transformation of science into one of the pivotal spheres of the economy allow us to call the last decades a time of scientific and technological revolution in both the capitalist and the socialist world. The opportunities this revolution objectively opens up have already been amply demonstrated in the Soviet Union and in the United States of America. The USA has given the most salient example of this by sending manned flights to the moon.

While bearing upon the production process the scientific and technological revolution is also making a major mark upon the social, cultural, ideological, military and other spheres of modern life. Here one of the most pressing socio-economic and political questions of today comes to the fore—that of the interrelationship between the scientific and technological revolution and the principles of social organization. At the International Meeting of Communist and Workers' Parties, held in Moscow, 1969, it was stated: "The scientific and technological revolution offers mankind unprecedented possibilities to remake Nature, to produce immense material wealth and to multiply man's creative capabilities. These possibilities should serve the general welfare, but capitalism is using the scientific and technological revolution to increase its profits and intensify the exploitation of the working people. The scientific and technological revolution

accelerates the socialization of the economy; under monopoly domination this leads to the reproduction of social antagonisms on a growing scale and in a sharper form. Not only have the long-standing contradictions of capitalism been aggravated, but new ones have arisen as well. This applies, in particular, to the contradiction between the unlimited possibilities opened up by the scientific and technological revolution and the roadblocks raised by capitalism to their utilization for the benefit of society as a whole. Capitalism squanders national wealth, allocating for war purposes a great proportion of scientific discoveries and immense material resources."<sup>1</sup>

The scientific and technological revolution exerted an enormous pressure for changes in the structure of production, bringing new sectors of the economy to the forefront while shaping many modifications of the old ones. The leading positions were occupied by power engineering, computer technology, the chemical industry and new types of engineering. The most salient example of the effects of this revolution may be found in the application of computer technology. Computers were used for commercial purposes in the USA in the early 1950s, but full-scale application of computer technology in production really took place in the 1960s. Between 1960 and 1969, the number of computers in operation jumped from 4,300 to 56,000. Here the USA has surpassed all other capitalist countries. In 1966, there were 9,300 computers in operation in all of West Europe, Japan, Canada, Australia and Latin America combined, while the figure for the USA was 27,000. During the second half of the decade the rate of growth of computer units in other advanced capitalist countries, notably Japan, exceeded that in the USA. But even in 1969 the USA spent 2.5 times as much money (\$4.2 billion) on computer production than did Japan, Federal Germany, France and Britain taken together (\$1.76 billion).

The role of electronics and automation in production is

<sup>1</sup> *International Meeting of Communist and Workers' Parties, Moscow 1969, Prague, 1969, p. 19.*



not confined to a narrow sphere of leading economic sectors, no matter how great their weight in the economy as a whole. These technologies are now penetrating into spheres of human activity historically characterized by relatively slow progress in production, and where the methods and pace of work changed little over the decades and sometimes even centuries. We have in mind commerce, the service sector, agriculture, office work, health care, education, etc.

The heavy hand of science is omnipresent in this transformation of production. Science today has been turned into a direct and pivotal production force. Recently the increase in number of scientists and engineers engaged in research has surpassed by several dozen times the rate of population growth. Here the USA and the USSR are in the lead. In 1945, the number of students in the institutions of higher education in the USA stood at 1.1 million. By 1965 it had multiplied fivefold, and in 1970 it reached 7.3 million. The army of research personnel and instructors has swollen rapidly. There are 800 thousand professors and teachers employed at the university level in 2,100 educational institutions of the USA but shortages are still being felt, and the number of postgraduate students is rising steadily, after reaching 816 thousand in 1970. As it came into its own as a major force of production, science required sizeable private and government outlays for further progress. Between 1955 and 1965 expenditures on scientific research exceeded \$100 billion, a figure 2.5 times higher than for the preceding 178 years in US history. Outlays on scientific research are becoming a major element in the state budget, climbing from \$3 billion in 1950 to \$25 billion in 1968. The USA is the sole capitalist country where such work is being carried out in all spheres. Scientific personnel are lured to the USA from other countries, which, incidentally, considerably boosts the rate of scientific advance in the United States.

The scientific and technological revolution has brought about sweeping changes in management. Now management is being increasingly turned into a science, and the study of managerial techniques has become such a profitable business

that huge companies have been organized in the USA to deal with this specialized branch. Scientific management is an integral part of a business education in the universities and business schools.

The changes in the composition of the work force is another important result of the scientific and technological revolution. First of all, this revolution has increased the predominance of white-collar over blue-collar workers. By 1965 the number of employees in the non-productive spheres had more than doubled from the prewar period. The proportion of white-collar workers to the entire work force (excluding agriculture) rose from 48 percent in 1947 to 57 percent in 1965 and more than 60 percent in 1970. While a progressive decline is being recorded in the numbers (both relative and absolute) of workers employed in the extractive industries, in transport, agriculture, metallurgy, textiles, in a number of branches of food packing and processing and even the oil refining, an even more rapid growth (again both relative and absolute) is being registered in employment in the productive and especially the non-productive spheres of the economy directly associated in their development with the scientific and technological revolution.

Second, scientific and technological progress has brought about major changes in job categories. We can gain an idea of this by comparing the lists of trades and professions given in the *Glossary of Professions* for 1949 and 1965 respectively. The 1965 edition has eliminated 8 thousand categories present in the 1949 *Glossary*, but added another 6.5 thousand new ones. Engineers and technicians are both more numerous and more important in the production cycle. Before World War II they accounted for between 13 and 19 percent of the work force. The figure for the 1960s is 25-26 percent. A general upgrading of job qualifications is taking place, a process quite logical for the era of scientific and technological revolution. The annual reports to Congress issued by the President and the Secretary of Labor since the mid-1960s invariably evince a concern with the insufficiency of qualified workers (mechanics,

machine-tool builders, draughtsmen and designers) in the more advanced sectors of the engineering industry, in missile production and in health care. For this reason, in the 1960s the government actively concerned itself with yet another sphere of the economy—training and retraining the work force. Except during World War II, the US government had never intervened in this sphere.

Job qualifications are improving if only because the groundwork has already been established for the majority of workers through a secondary education. This fact should not be ignored. It is another matter that high-school graduates remain virtually unprepared for many types of employment, a fact taken advantage of by management and explaining why youth is one of the most exploited segments of the work force. Marxist students have repeatedly emphasized that even in the era of scientific and technological revolution capitalism is incapable of avoiding social collisions in dealing with the problem of upgrading job qualifications, one of the most pressing problems facing modern industry. An objective look at the question reveals the speciousness of bourgeois theories on the unimpeded and automatic growth of job skills among the work force in "industrial society". At the same time we note fallacy of another type of bourgeois argument, which reformists and dogmatists in the labor movement not infrequently pick up,—that concerning the "dequalification" of the working class. Affected by the objective requirements of production and the class struggle the qualifications of the proletariat have risen uninterruptedly (between 1947 and 1965 inclusive the proportion of engineers, technicians and highly qualified workers rose from 38.3 to 47.1 percent of the work force), which has made the working class even more adequately prepared for its historic mission of building a new, socialist society.

Neither has the scientific and technological revolution led to the quantitative "deproletarianization" of the work force in the advanced capitalist countries, as the pet theories of bourgeois and other non-Marxist authors would have it. The work force is steadily growing in the United States.

According to a presidential report of 1967, the civil work force in the USA totalled 77 million men and women. An absolute majority is held by the working class, if we approach the notion of class from the point of view of historical materialism. Lenin wrote: "Classes are large groups of people differing from each other by the place they occupy in a historically determined system of social production, by their relation (in most cases fixed and formulated in law) to the means of production, by their role in the social organization of labor, and, consequently, by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it. Classes are groups of people one of which can appropriate the labor of another owing to the different places they occupy in a definite system of social economy."<sup>1</sup> Lenin's definition of classes serves as a convincing argument against notions of "deproletarianization", for it demonstrates that the essence of the situation of the working class is not altered by the fact that it might gain improvements in living conditions, higher wages or upgraded job skills.

The scientific and technological revolution had a powerful impact on the continual development of both the forms of capitalist property and the methods of dealing with social problems, along state-monopoly lines. The capitalist form of property, historically speaking, is transformed from individual to joint-stock, from joint-stock to monopoly joint-stock, and finally to state-monopoly joint-stock holdings as present today. Marx called the stockholder an "associated capitalist".<sup>2</sup> Today the degree of "association", that is, of concentration and centralization of capital, has reached the level where the state-monopoly structure is in fact the foundation of property relations. According to data of 1964 there were 11,489,000 enterprises in the United States; of them 1,374,000 were joint-stock companies, 922,000 were shareholding companies and 9,193,000 individually owned. Making up only 12 percent of the total number, joint-

<sup>1</sup> V. I. Lenin, *Collected Works*, Vol. 29, p. 421.

<sup>2</sup> Karl Marx, *Capital*, Vol. II, Moscow, 1971, p. 248.



stock companies (corporations) cornered 80 percent of profits from all business transactions. These figures point both to the commanding role played by major corporations in the US economy and to the continued existence of relatively small production despite the dominance of state-monopoly capitalism.

The scientific and technological revolution stepped up the ruination of the farmers and accentuated social differentiation in agriculture. In 1969, the largest farms (marketing goods worth \$ thousand or more annually), comprising 21 percent of the total number, accounted for 70 percent of agricultural output. Output per person employed on the bigger holdings stood at \$7,600 in 1964, on the medium and small farms it was only \$800. Labor input per unit of production was almost ten times lower on the big farms. The number of farms fell to 2,976,000 in 1969, and bourgeois economists and politicians speak of the need to divest of another 2 million "marginal" homesteads. Between 1960 and 1968 five million people left the farms and in 1968 the farmers in the United States, standing at 10.5 million, accounted for only 5.2 percent of total population.

Under the impact of the scientific and technological revolution the rate of concentration and centralization was stepped up and a new form of this old process emerged—conglomerates. The American communist economist Victor Perlo has showed that mergers of the conglomerate type introduce a structural novelty in that they bring into one unit companies only remotely connected or even totally unconnected in the production process. During the 1960s the weight of conglomerate mergers radically increased, accounting, in 1968, for 90 percent of the assets of all newly merged corporations. In 1948, the 200 largest corporations held 48 percent of all assets in the manufacturing industries; by 1968 the number was reduced to 100 giants. Taking advantage of scientific innovations and progress which takes place almost entirely within their sphere of influence, the conglomerates are working successfully to secure economic domination by directly subsuming other production units, at times retaining their nominal independence.

The concentration of capital, especially its conglomerate form, is the main, but not the sole support of state-monopoly capitalism in the USA. As the 1969 International Meeting of Communist and Workers' Parties pointed out: "Present-day imperialism, which is trying to adapt itself to the conditions of the struggle between the two systems and to the demands of the scientific and technological revolution, has some new features. Its state-monopoly character is becoming more pronounced. It resorts ever more extensively to such instruments as state-stimulated monopolistic concentration of production and capital, redistribution by the state of an increasing proportion of the national income, allocation of war contracts to the monopolies, government financing of industrial development and research programs, the drawing up of economic development programs on a country-wide scale, the policy of imperialist integration and new forms of capital export."<sup>1</sup> Credit, taxes, the budget and the militarization of science and economy have become essential instruments of present-day state-monopoly capitalist development in the United States. The budget has been used to mobilize resources in support of monopoly positions with government aid. In 1948, the budget amounted to 14 percent of GNP, in 1952 (the height of the Korean War)—20.7 percent, and in 1968—21.7 percent. Here we should take into account that the increased percentage represents an even greater absolute increase, since during these years the GNP was constantly expanding.

Taxes today are an important and inseparable element of the entire structure of state-monopoly capitalism. The tax burden on the shoulders of working people is growing heavier. In 1941, capitalists paid 55 percent of all federal tax revenues and the working people paid 45 percent. In 1970, the burden had been shifted and the corresponding figures were 32 and 68 percent respectively.

In the period of scientific and technological revolution American capitalism remains incapable of coping with the problem

<sup>1</sup> *International Meeting of Communist and Workers' Parties, Moscow, 1969*, p. 18.

of poverty, chronic to class society. According to official data, in 1966 there were 28.8 million people below the "poverty line" in the USA, that is, belonging to families with an income below the officially calculated minimal subsistence level. Since it is caused by the lack of job skills needed for decent-paying work, by racial oppression and city plight, poverty can today more than ever previously only be solved by government measures, for private or even group efforts will have little result. But the bourgeois state is in the hands of those forces who have no vested interest in liquidating poverty, and for whom unemployment and poverty are often necessary in order to force down wage levels. Poverty is closely linked with unemployment, which hovered between 3 to 5 million people (or 3.5 to 7 percent of the work force) in the 1960s.

Inflation became a permanent feature of the economy in the 1960s. While the three preceding bouts of inflation in the postwar period had been temporary, the fourth, beginning in 1961 with the start of a new cycle, became an ineluctable factor of economic development and by 1972 business community and government had lost all hope of defeating it. Even during the "mini-recession" of 1967 prices continued to rise.

State-monopoly capitalism in the USA made certain progress in adjusting its socio-economic structure to the opportunities presented by the scientific and technological revolution. This was a major cause of the increasing tempo of industrial growth marking the 1960s: with eight years, between 1961 and 1968 inclusive, industrial output rose 52 percent, while during the previous decade (1951 through 1960) it rose only 45 percent. We must not ignore the limitations on the ability of state-monopoly capitalism to adjust to the effects of the scientific and technological revolution. The retention of the private property foundations, albeit in modified form, continues to act as a brake on both social and technological progress. Such progress is even more severely hobbled by the military orientation of scientific and technological developments, which can serve only temporarily to stimulate the economy.

1929 was the last year of economic boom of US capitalism in peacetime conditions. In the period of state-monopoly development the country's economy has made no advances without the stimulus of military spending. Many of the largest corporations have become in effect gigantic state-monopoly conglomerates for weapons production. The list is headed by General Dynamics whose weapons sales totalled \$2.2 billion in 1968. Total military expenditures rose from \$60 billion in 1960 to \$98 billion in 1968, i.e., by over 63 percent. Military outlays consumed 60 percent of the budget and 12 percent of the gross national product in 1968.

The application of the achievements of the scientific and technological revolution for military and state-monopoly purposes has not been able to ward off economic crises.

The overall economic evolution of the USA in the 1960s has shown that state-monopoly capitalism can be adopted to results of the scientific and technological revolution only to a certain degree. After an upturn in production between 1961 and 1966 protracted stagnation set in. Between 1961 and 1966 production rose at an annual rate of 7.4 percent, and in 1966 the growth rate even reached 9 percent. The corporations that made more effective use of the gains of the scientific and technological revolution were particularly successful in both production and in stock market speculation. Those of the monopolies that were closely linked with the growth in military outlays following the escalation of the imperialist war in Vietnam had their economic indicators soaring out of proportion.

But in 1967 the US economy suffered a sharp decline in growth rate. In the five months from December 1966 to May 1967 production fell steadily, contracting by 2.5 percent. The overall growth rate for 1967 was a paltry 1 percent. Between 1966 and 1970 the average annual growth rate of industrial output was only 1.8 percent, compared to 7.4 percent between 1961 and 1966. Despite the optimistic predictions actual developments in the 1960s again demonstrated that the capitalist economy of the USA was afflicted with the same old chronic disease of cyclical crises. Despite the large doses of



medicine prescribed along state-monopoly and militaristic lines the USA could not shake off these recurring bouts.

The crisis of the private property foundations taking place in the course of state-monopoly development and the reactionary militaristic nature of the socialization of socio-economic relations are unsettling problems for the bourgeois mind and have engendered a multitude of ideas and theories from the radical utopian to the openly apologetic. Among the first was the *Triple Revolution Manifesto*, signed in the mid-1960s by the economist Robert Theobald, the sociologist Michael Harrington, and the socialist Norman Thomas, the winner of two Nobel Prizes Linus Pauling, the historian H. Stuart Hughes and a number of other prominent scholars and progressive public figures. In discussing the "cybernetics revolution", the "arms revolution" and the "revolution in human rights" the authors of this manifesto took a huge stride forward in comparison with the generally accepted bourgeois notions in that they pointed out that there was something false and misdirected at the very core of the US economic system, in which a radical change was called for by the three "revolutions". However, the manifesto did not subject modern capitalist society to the comprehensive analysis. It artificially separated the problem of production from that of distribution, and set down utopian prescriptions for the transformation of capitalism into a "world of justice".

At the other pole of social theorizing in the 1960s we find the totalitarian-militaristic modes of thought, according to which the military-industrial complex is recommended as the best means of strengthening the bourgeois order.

The last decade also engendered a host of ideas around the concept of "industrial society". These ideas were most systematically and precisely formulated in Harvard economist John Kenneth Galbraith's *New Industrial State* published in 1967. This monograph by the leading contemporary neo-liberal economist was placed on the level of such works as Veblen's *Theory of the Leisure Class* and Keynes' *General Theory of Employment, Interest and Money*. Galbraith made astute observations on many features of the

modern economy, for which the old standards applied in the age of classical private property relations are no longer pertinent. He showed that corporations today are tightly interwoven with the government institutions, that success or failure is not exclusively determined by market conditions, that the corporate system of today is not "self-balanced" and can develop only through subsidies and comprehensive government regulation. It is hard to disagree with this, or with his argument that militarism and the cold war are "endemic", that is, inherent features of the modern capitalist economy.

Galbraith established the theory of the "technostructure" in an attempt to purge the modern structure of the American economy of the profit motive and of private property itself. Communist authors in the USA were therefore justified in pointing out that the notion of a "new industrial society" was conceived as an attempt to refute the Marxist concept of state-monopoly capitalism. Galbraith is concerned with the development of a scheme for American capitalism according to which private property, amalgamated in huge units but unchanged in substance, would continue to predominate under some other title, perhaps suggesting socialism or without any definite meaning.

## 2. Socio-economic Policies of the Democrats

The Democrats chose the right time to come forth with calls for "renewal" after a 15-year stretch of reactionary policies, cold war, McCarthyism and political sluggishness. The Party gathered its forces to push in the direction of New Frontiers under the guidance of a leader well-suited for this role in the context of American state-monopoly capitalism. John F. Kennedy took a broad view of the role of all social institutions, particularly state and monopoly, he was financially independent of the party coffers controlled by the Democratic bosses and was associated with the proponents of new ideas and projects more closely than any other political leader—with the exception of A. Stevenson.

He enjoyed the reputation of a war hero and possessed indefatigable energy and amazing sense of purpose. As a new President mobilizing all means to strengthen the bourgeois system he called for bold, energetic and patriotic service to the country. His appeal to his fellow citizens, "ask not what your country can do for you—ask what you can do for your country", although no novelty in the annals of American political rhetoric, was both timely and appropriate. Although in his previous career JFK had demonstrated pragmatic caution, when he reached the pinnacle of power he evinced the "exemplary political courage" which he had earlier lacked. To borrow a phrase from Theodore Roosevelt, from January 20, 1961, John F. Kennedy was always "on the scene", taking and even attracting the blows upon himself. He surrounded himself with firm supporters, among whom the most prominent were Theodore Sorensen and brother Robert Kennedy.

In his 1960 campaign presidential aspirant JFK was never tired of telling the voters that the US economy had to grow at a 5 percent annual rate in order to "keep you working and your children working". When it came to power the Democratic Party concentrated its main efforts on looking for ways and means to step up production and achieve the intended level of average annual growth. The new President and his advisers showed remarkable energy, no doubt spurred on by the crisis state of the economy, for in January and February 1961 the recession bottomed out and unemployment soared over the 8 percent mark.

Within Kennedy's inner circle there were proponents of two different approaches to the problem of infusing new life into business. Arthur Schlesinger Jr., employed as a presidential special adviser, called these two viewpoints the "structuralist" and "fiscal". The structuralists believed that in order to reach "normalcy" in the economy with unemployment below 4 percent it was necessary to activate efforts at manpower channelling and job training, pay more attention to the ratio of prices and wages, improve both general and professional education, increase outlays on social benefits, give aid to chronically depressed regions, improve the posi-

tion of Blacks in the labor market, etc. The fiscalists believed that the main retarding factor in economic expansion was to be found in the "fiscal brake", meaning that high taxes were undermining the purchasing power of the consumer and destroying confidence in full employment. They pushed for tax reductions, even if such actions meant a budget deficit. Within the government the Federal Reserve System and the Treasury Department were the citadels of structuralism for they were wary of large deficits in the budget. They were joined, though for other reasons, by the Department of Labor and the Department of Health, Education and Welfare. These sub-divisions of the government were threatened, in the event that the structuralist arguments were ignored, by reductions in the social security program which was one of their main functions. The structuralists also enjoyed support in Congress, since influential figures on the financial committees in both Houses were reluctant to go in for deliberate and planned deficit budgets at a time when (with spring 1961) the economy was taking a sharp upward turn and growth during the year of "restoration" (until spring 1962) reached 8.8 percent. The fiscalist position was consistently upheld by the Council of Economic Advisers headed by Professor Walter Heller of the University of Minnesota.

At first the structuralists held sway among Kennedy's inner circle; it was they who drew up the President's message to Congress on February 2, 1961. Among the measures proposed by the White House within the framework of the New Frontiers program were liberalized unemployment compensation, "rebuilding" the chronically depressed regions, increasing the minimum hourly wage, stepping up housing construction and other measures of a structuralist nature. To soothe the opponents of an "unbalanced budget" JFK even promised to balance it before the economic cycle was complete. Congress reacted favorably to the White House proposals and passed the majority of them into law, prodded on both by fear of deepening the crisis and by the enthusiasm which the President had generated among the population even before assuming office. Soon, however, the structuralist ap-



proach came under criticism for concentrating only on overcoming the recession, confining its attention to welfare measures and ignoring the promised goal of 5 percent per annum growth.

In the autumn of 1962, the Kennedy Administration decided to strike out in a different economic direction closer to that advocated by the fiscalist Heller. First we should warn against overstating the differences between the structuralists and fiscalists as is characteristic of bourgeois economists and historians. Both were advocates of the state-monopoly ideology. Both currents flowed from the Keynesian school of political economy and state-monopoly practice reigning in the USA since the 1930s through 1950s. The structuralists based themselves on one side of Keynesianism—increasing the role of the state. By the early 1960s they were quite justifiedly regarded as “traditionalists”—so deeply had state-monopoly practice sunken its roots in the USA by this time. Politically they took their inspiration from Franklin D. Roosevelt, who was also a Keynesian, if a limited one. He and the two subsequent presidents, while actively promoting governmental interference in the economic and social structure, did not reject in principle a balanced budget, resorting to deficit financing only in exceptional circumstances (in practice this was quite often)—such as crises, wars, recessions. John F. Kennedy was the first head of state to resort deliberately to a deficit budget while the economy was on the upswing.

Since Keynesianism is not restricted to the theory of budget deficit alone, but first of all represents the general concept of state-monopoly capitalism espoused by the bourgeoisie in recent times, especially since the 1930s, the US structuralists and fiscalists of the early 1960s must be placed firmly within the tradition of Keynesian economic thought. Strictly speaking there were no pure structuralists or fiscalists in Washington at the time. It was no coincidence that in 1962 and 1963 they worked together to draw up the so-called New Economic Policy in which structuralism was coordinated with plans for a deficit budget. Of course, deficit financing was anathema for businessmen and economists of a tradi-

tional bent, and former President Eisenhower, who took his cue from such economists, immediately denounced his successor for “dangerous” innovations. But it is more important to consider the question not of whether or not there should be a deficit budget, but how it can actually be drawn up. Bourgeois economists have shed considerably less light on this question than on the structuralists *vs.* fiscalists debate. The fact of the matter is that a deficit can be created either by increasing outlays on social needs or through tax reductions. The first method was proposed by Galbraith among others. This represents left Keynesianism, which was supported by the more radical proponents of neo-liberalism and found support in the unions and among the low income strata of the population. It was opposed by the right, or reactionary Keynesians who wanted the deficit to be created through tax reductions. Superficially this would seem to be a progressive stance. But the right-wing Keynesian tax reduction meant a smaller contribution to budget revenue first of all by businessmen, for the tax burden was much lighter at the peak of the fiscal pyramid. Reactionary Keynesians were in the vast majority among Kennedy’s advisers. Walter Heller was their spokesman. Thus, this superficially radical fiscal reform (a deliberately encouraged deficit!) was conservative in social impact and quite in tune with the solicitous attitude shown in Eisenhower’s time for business prosperity. To be sure, Kennedy differed from his predecessor on one important point. He believed that as soon as the main goal—revitalization of private business and the achievement of 5 percent per annum growth—was achieved business would have to take a more active concern for social measures and contribute more money to satisfy public needs. The monopolies had always been well aware of this and hence regarded the young President with mistrust, even though he was offering them something they could not have hoped to get even from Eisenhower: new incentives for capital investment, stepped-up business activity and higher profits—all through deficit financing. Business, needless to say, did not reject the offer, but many looked at it as a Greek gift.

In 1962 the Treasury Department announced plans to offer major depreciation benefits to business and next Congress passed a law providing tax credits for those willing to take the entrepreneurial risk and expand production capacities. In practice this meant that the coffers of the corporations were to gain an additional \$2.5 billion in 1963 alone. Government incentives to new capital input were particularly favorable for the upper echelon of corporations which now gained a new lever in the form of tax and budgetary policies to edge out weaker competitors.

Early in 1963, when business was proceeding at a good clip Kennedy proposed to Congress that a deficit be allowed in the budget through substantial tax cuts primarily benefiting the upper income strata. After acute and protracted debate, Congress in February 1964 adopted Kennedy's variant of the New Economic Policy, largely through the consummate political skill of Lyndon B. Johnson, who became President on November 22, 1963. The Democrats were now the proponents of the theory of economic growth and maintained this approach until their ouster from the White House.

In addition to deficit budgeting the New Economic Policy called for a liberalization of credit terms by the Federal Reserve System (that is, increased access to credit for business), which meant a reversal of the policy of the Eisenhower Administration of keeping the lid on a boom period by tightening up credit.

An inseparable part of the New Economic Policy was the setting up of guidelines for the proper mix of labor productivity, prices and wages. The "guideline" idea was brought up in a report of the Council of Economic Advisers to the President in early 1962. This is another indication that the President and the Council were essentially right Keynesians. Fearing that the well-functioning economy would, in creating the objective prerequisites for wage increases, lead to inflation, the government established a ceiling on "non-inflationary wage increases" at 3.2 percent per annum. This was clearly below the capabilities of the monopolies and gave further proof of the class nature of govern-

ment regulation of labor relations. The guidelines were not mandatory directives but the parties to collective bargaining had to take them into consideration, the more so in that the monopolies enthusiastically accepted the "obligation". The business world was less enthusiastic about another aspect of guidelines—that which concerned price stabilization. Early in 1962, Secretary of Labor Arthur Goldberg convinced the Steelworkers Union, that had formerly employed him as a lawyer, to accept a contract with the steel companies with no provisos for wage increases. But on April 10, 1962, Roger Blough, Chairman of the Board of Directors of the Steel Trust, announced a planned six dollar per ton increase in the price of steel. Little Steel decided to follow the lead. Kennedy had no choice but to intervene in this matter, for a price increase on steel would have stepped up inflation and sharply intensified labor conflicts. Mobilizing all the powers at his command, including the secret service, and putting up a campaign through mass media, the President forced the Steel Trust to back down. This conflict between the White House and the steel magnates, serious enough in itself, was incalculably blown up by propaganda. Emotional discussions followed the President's statement in a moment of pique: "My father always told me that all businessmen were sons-of-bitches, but I never believed it till now."

Through its domestic policies the Kennedy-Johnson Administration once again confirmed that the Democratic Party had ever since New Deal times differed from the Republicans by its more energetic recourse to government mechanisms in dealing with each and every socio-economic problem and in a greater ability for social manœuvre. This is the main difference between neo-liberalism and neo-conservatism, between the Democrats and the Republicans.

Kennedy managed to win passage for a number of liberal reforms. The Democrats' position was even further strengthened in the early period of Lyndon Johnson's stay in office. With the assassination of Kennedy the infatuation the liberal intellectuals had for the White House somewhat faded. But instead, the leadership of the Democratic Party



obtained greater trust of the business world, new strongholds on Capitol Hill where Kennedy had never enjoyed anything comparable to the authority accorded the former Senate Majority Leader Lyndon Johnson, and more influence in the South. The sudden and tragic death of Kennedy brought the party together and the new leader gained moral support from quarters where in normal circumstances he could not have hoped to find it. The nomination of Barry Goldwater as the Republican presidential candidate in 1964 was a true gift to the Democrats. Johnson won by a landslide, to be compared only with Roosevelt's triumph in 1936. The Democrats gained 38 new seats in the House and 2 in the Senate, bringing relative strength to 295:140 and 68:32 respectively.

In 1964 and 1965, Lyndon Johnson produced a program aimed at liberalizing social benefits, providing federal aid to education, increasing the minimum wage, helping poverty-stricken regions, protecting the civil rights of Blacks, supporting farm income, etc. As was the custom in the United States, the unveiling of this reformist program was accompanied by a noisy advertizing campaign, and the advisers to the 36th President promptly came up with the fitting catchphrases. LBJ declared a "war on poverty" in order to create the "Great Society" in America.

At first some progress was made in the direction of reform. In July 1964, Congress adopted a law curbing discrimination at work, in 1965 another protecting the voting rights of Blacks, and in 1968 a third prohibiting discrimination in rental practices. These were but feeble half-measures. It would be more correct to call them a recognition of the terrible plight of 40 million people who suffered harsh racial discrimination in the United States (Negroes, Puerto Ricans, Mexicans, Filipinos and other ethnic minority groups) rather than a real effort to improve the situation. In July 1965, a major change was made in the Social Security Act of 1935. Now it included a section on medical insurance for the aged (Medicare) against which reactionaries led by the American Medical Association arguing that this was the "beginning of socialized medicine" had fought for 30 long

years. In 1966, another modification was added to the 1938 Fair Labor Standards Act. The minimum hourly wage, increased in 1955 to 1 dollar and in 1961 to 1.25, was on February 1, 1968, brought to 1.70 and on February 1, 1971, extended to new categories of employees. In 1967 average weekly earnings were 102 dollars (up from 73 dollars in 1957) and the average workweek took up 38.2 hours (down from 38.8 in 1957). The duration of the workweek thus remained virtually unchanged, and if we include overtime it actually increased, from 44.5 hours in 1954 to 46.3 hours in 1966. The sizeable boost in income is to be explained by factors such as the working-class struggle, inflation (according to conservative official data, consumer prices rose by almost 150 percent between 1940 and 1968, and by 16.2 percent between 1960 and 1968), and the increasing cost of manpower in connection with the scientific and technological revolution. Real wages rose by 19 percent in the period between 1959 and 1969 and by 41 percent between 1946 and 1969.

The Democratic government was more generous than the Republican had been in extending aid to the farms, and increased both subsidies and price support credits. In 1968, farmers paid \$ 2.4 billion in taxes; in turn they received \$3.5 billion in various forms from the government. Of course, the lion's share of government subsidies went to line the pockets of the biggest farms. It was they who profited most from the maintenance of prices at a relatively high level. But we must not ignore the fact that subsidies did to a degree slow down the catastrophic decline in small-farm income. The Republicans, supported by organizations speaking for the large-scale farmer—especially the American Farm/Bureau Federation—used this to accuse the Democrats of a "reactionary" and uneconomical approach to agriculture. They demanded a free hand to continue squeezing out "marginal" farms.

The Great Society program fell far short of a full response to the acute social problems facing the USA. But the implementation of even these reforms encountered difficulties which the Democratic government found insur-

mountable. The obstacles stemmed both from the very nature of US state-monopoly capitalism, whose development required the continual increase of monopoly dominance, and from the foreign policy adventures and complications created by the Johnson Administration. American imperialism lacked the strength and resources to carry out social reforms improving the situation of the underprivileged while simultaneously fighting an aggressive war which drained the budget of \$30 billion annually. The military boom brought about a forced rate of inflation and imposed an overstrain on the budget. The government maintained the level of outlays on social needs, which, given the inflation, meant disaster for people whose budgets primarily or substantially depended on fixed incomes. The regions of chronic poverty were in an even more lamentable situation, especially the urban ghettos where the population had no hope of betterment without steadily growing aid from the government. The Administration could not set matters straight by confining itself to curtailing social reform. The New Economic Policy with its focus of tax reductions went down in defeat. Johnson was forced to return to the more traditional economic device of raising taxes. A 10 percent surtax was temporarily imposed on incomes. The states and municipalities, as if competing with the federal government, likewise increased the tax burden on the working people. The citizenry had never before been as entangled in taxes as in the late 1960s. Residents of Massachusetts even nicknamed their state "Taxachusetts". The President had great difficulty in winning a tax increase and succeeded only at the cost of exacerbating the already serious rift within the party.

After a brief period of considerable popularity the Democratic fortunes plummeted downward under the blows of foreign policy defeats and heated domestic conflicts. In the off-year elections of 1966 the Republicans gained 47 seats in the House and 3 in the Senate. With the approach of the presidential election of 1968 internal party difficulties turned into a genuine crisis.

### 3. Foreign Policy Under Kennedy and Johnson

John F. Kennedy assumed power just when Washington's foreign policy fortunes were at an ebb. The Kennedy government immediately set about to review strategic and foreign policy doctrines, hoping to mend the breaches in the global positions of American imperialism by new measures and renewed activity. It adopted a controversial approach, combining elements of criticism of the aggressive doctrine of "massive retaliation" with plans of a no less expansionist nature aimed at defending the imperialist interests of US monopolies and of the entire capitalist world. There was much to defend. Direct private capital investments abroad rose from \$ 8.5 billion in 1945 to \$64.8 billion in 1968, an almost eightfold increase. If we include holdings in bonds and stocks in foreign enterprises the volume of investment approached the \$100 billion mark. Although this represented a huge sum, we must not reduce American foreign policy activity to a simple defense of purely economic positions. Monopoly expansion itself is more than the simple export of capital. Other factors to be taken into consideration include the military-strategic, ideological, cultural, etc. The US ruling elite, guided simultaneously by bourgeois nationalist egotism and by bourgeois imperialist "internationalism", set the preservation and strengthening of the world capitalist system as their goal.

The Democratic government made haste to shore up the infirm positions of American imperialism. The increased rivalry within the camp of imperialist allies prodded the USA to reconsider its foreign policy doctrines. John F. Kennedy read thoroughly the works of Hans Morgenthau, Henry Kissinger, Maxwell Taylor, McGeorge Bundy and other authorities in US foreign policy closely affiliated with the monopolies, the Pentagon and the State Department. In 1960, General Maxwell Taylor published a book entitled *The Uncertain Trumpet* providing an unfavorable analysis of Republican foreign policy doctrines and offering a new prescription to replace massive retaliation, calling this new stance "flexible reaction".



Adopting the concept of "flexible reaction" the Kennedy government did not so much reject the Dulles concept of massive retaliation as modify, or "civilize" it. A limited withdrawal from militaristic globalism was effected: now the attention was given not only to global but also to local warfare, and not only to blows at the "center" (the USSR) but to independent strikes at the "periphery" of the socialist world or to combined attacks on both "center" and "peripheral" regions, meaning by this the non-socialist countries as well. An inseparable element of this strategy was a step-up of both military and non-military activities in the countries newly liberated from colonialism and imperialism. The USA increased arms race, both nuclear (for the blow at the "center") and conventional (for local wars). The Pentagon and State Department strategists prepared the country simultaneously for "two and a half" conflicts, two major and one local, boosting the armed forces to support far-reaching plans. This required an expansion of nuclear missile capacity surpassing the designs of even Eisenhower and Dulles. The number of intercontinental ballistic missiles and submarine-launched Polaris missiles increased rapidly: from 63 to 1,054 and 96 to 656 respectively between 1961 and 1967. The stockpiling of offensive nuclear weaponry was accompanied by a no less important "defensive measure", the construction of fallout shelters built by private contribution but with the strong push from both the White House and the Pentagon. Of course, northeastern monopolies jumped to turn this idea, suggested to Kennedy by Rockefeller circles, into a lucrative business. It gave a powerful psychological trump card to the right-wing forces which grabbed at every opportunity to prolong the cold war climate in the country.

At the same time as it was urging on the arms race the Kennedy government took steps in another direction. In order to bolster its influence in a world engulfed in revolutionary development it declared its willingness to reconsider the cold war stance toward the Soviet Union and to address itself to the needs and aspirations of the Third World peoples.

The Cuban revolution showed that the Latin American nations could successfully resist coercive measures by US im-

perialism and even take the socialist road. Washington was also upset by the situation in Asia, where Eisenhower made an inglorious trip in 1960. Africa was shaking off its colonial bonds. Since many Asian and African states after gaining independence turned to a non-capitalist path of development US ruling circles regarded this process as a threat not only to their own imperialist positions but to the foundations of the world capitalist system as a whole.

JFK was the first postwar President to modify the primitive explanation of the revolutionary movements in Asia, Africa and Latin America as sheerly "Moscow-inspired". The offshoot of this reappraisal was the establishment of the Peace Corps which was to ensure the USA of maximum influence in the developing countries through political, economic, cultural and ideological levers rather than by military force. The CIA, present from the beginning in this organ of "civil" penetration, soon increased its own role. Christopher Lasch, a leftist historian, wrote in 1967 that the Peace Corps represented "the same anti-communist policies in the name of anti-imperialism and progressive change".

Kennedy devoted much energy to shoring up the tenuous unity of the major capitalist countries and the "Atlantic core". Here a more democratic rhetoric was also in order, for the jargon of the cold war had lost its unquestioned authority in Europe long before Washington perceived the fact. The White House produced Kennedy's "grand design", the substance of which was the integration of the West European countries and strengthening of their alliance with the USA on a more equal basis. The American press began to talk of true "partnership" in the Atlantic bloc. Washington's plans were not confined to the NATO countries or to military considerations alone. The US government conducted intensive negotiations concerned with linking Western Europe, the USA, the British Commonwealth, Latin America, Japan and large areas of Africa in one huge trade zone and in a closer political alliance.

Thus, the entire reappraisal of foreign policy concepts and activities, undertaken by the Democrats in the early years of their term in office, was directed at further strengthening US

global positions. This is why it was incapable of introducing anything fundamentally new in the foreign policy orientation of the USA, for it left the roots of these policies unscratched. This, however, did not exclude a number of genuine innovations in a positive direction coincident with the theory and practice of peaceful coexistence. The culminating point of the move by the US government in the direction of peaceful coexistence was reached in Kennedy's speech of June 10, 1963, in which he announced that the country was no longer striving for a Pax Americana and was willing to "engage in peaceful competition with any people on earth". The President continued: "It will require increased understanding between the Soviets and ourselves. And increased understanding will require increased contact and communication." The speech was received coldly not only by the extreme right but by the bulk of US politicians steeped in cold war ideology and by the men behind the scenes with close ties with the military-industrial complex.

Torn by the contradiction between the drive toward peaceful coexistence and demands of the military-industrial complex US foreign policy in the 1960s as a whole favored the second while retaining substantial aspects of the first. A major signpost of the first trend was the US participation in the negotiations on nuclear test ban in outer space, the atmosphere and underwater, culminating in the signing of the Moscow Treaty of 1963 and ratified by the Senate on September 24 of that year by a vote of 80 to 19. Another one was the signing on July 12, 1968, of the Nuclear Non-Proliferation Treaty, ratified by the Senate already after the inauguration of the Republican President. Progress was also made in expanding American-Soviet exchanges in science and culture.

American foreign policy in the 1960s followed the well-beaten imperialist path, along which Kennedy and Johnson, equipped with the most up-to-date military and ideological weaponry, intended to travel with new mobility. As before the directors of American foreign policy concentrated their gaze on the socialist world, in which they saw the main anti-imperialist force of the modern world. The American

foreign policy under the Democrats retained at its core the arms race, aimed at exhausting the economic resources of the socialist countries and proving to the world the "superiority" of the USA in military matters; every conceivable political combination and ideological subversion against socialism and the socialist states; and, finally, the direct acts of military aggression against particular links in the socialist community. The Kennedy government initiated its foreign policy activities by taking the baton from the Republicans and carrying through the ignominiously ill-fated invasion of Cuba in April 1961. The Johnson government finished its term in office in the midst of an armed aggression against a country in another corner of the globe—Southeast Asia. The USA did not let up on provocative actions against the European socialist countries either. Knowing the Soviet Union would not remain indifferent to any encroachment or surprise acts against the socialist world the US ruling circles placed serious strains on Soviet-American relations and threatened world peace each time they carried out aggressive designs against the socialist countries. They went to extreme length in October 1962 when the USSR acted decisively against the "quarantine" of Cuba and prevented another intervention. "It was the most direct and ominous confrontation in the history of Soviet-American relations, and the world hovered on the brink of war for a few tense days," writes Arthur Link, the American bourgeois historian.

Subsequently, US politicians and ideologists were reluctant to bring relations with the socialist world to the brink again. Now they relied upon a combination of the arms race and relentless ideological subversion. In the 1960, a new theory rose to the heights of popularity in the United States—that of the "convergence" (on a bourgeois basis, no doubt) of socialism and capitalism in the course of developing relationships between the advanced socialist and capitalist countries. The idea of convergence gained the support not only of those wielding it as a weapon in the political struggle against socialism, but also of advocates of Soviet-American cooperation in the framework of peaceful coexistence. This gave



the idea a substantial popularity among liberal intellectuals which it still enjoys today. The politically contradictory convergence concept should be rejected out of hand from the theoretical point of view, for there can be no "merger" of the forces building a new world free of private property, exploitation and war, and the forces retarding social progress and defending the foundations of the doomed old order. During the second half of the decade the provocative aspect of the convergence slogan came to the fore when its proponents dressed it up in the specific policy of "building bridges" with the European socialist countries. Here the counterrevolutionary and peace-endangering core of convergence shone through: the notion of building bridges was backed up by the Pentagon, the CIA, West German revanchists, Zionists and other reactionary militaristic forces.

The Democratic government continued to be guided in its relations with the socialist countries by the principles of containment despite all efforts to forswear the latter and find a new propaganda basis for its policies. It continued to rely heavily on the NATO, trying to consolidate American influence in it and prevent fission. US policies in bourgeois Europe were directed toward more than just the simple extraction of resources from the allies for the fight against communism. The government was working to reduce the independence of these countries, exhaust their economic potential and undermine the revolutionary-democratic forces there. The fascist coup in Greece in April 1967 demonstrated just what the USA would strive for in the event that democratic forces gained strength in some European country. France's withdrawal from the NATO military organization only further increased the value for America of allies such as Greece, Portugal and Spain. Americans would be glad to bring the latter into NATO but for the inevitable fierce reactions from other partners.

Turning to Latin America, John F. Kennedy in 1961 suggested a program of American aid within the framework of the Alliance for Progress. The idea was to use reforms backed by the financial arm of the USA in order to strengthen the hand of the part of the local bourgeoisie capable of social

manipulation. This was to be a neo-colonial counterweight to the impact of the Cuban revolution on the peoples of Latin America. The revolutionary phraseology of the founders of the Alliance for Progress initially attracted Latin American liberals and radicals and seriously alarmed dictators and large landowners. Between 1961 and 1968, the USA allocated \$ 4.6 billion in aid, which temporarily increased the hand of the local bourgeoisie and of US liberals among proponents of social progress in Latin America—but did not stop the revolutionary movement. From the mid-1960s on the US government more frequently resorted to the traditional interventionist methods of dealing with Latin American problems.

After the intervention in the Dominican Republic in 1965 superficially revolutionary rhetoric had little effect upon Latin Americans. The revolutionary upsurge in a number of Latin American countries in the late 1960s and early 1970s was convincing proof of the failure of the plans for a "peaceful revolution" under the aegis of the US government.

The American neo-colonialists tried to appear more progressive than the old colonialists in Africa had been. But Africans have already learned what the true objective of American interference is. The range of US policy toward Africa in the 1960s extended from support for the ultra-racist regimes in Rhodesia and South Africa to attempts to overthrow progressive governments in Arab countries of Northern Africa.

In the struggle against social progress in the Middle East and in an effort to retain a dominant position for US oil monopolies in the region, the American government moved to combine the principles of the "Eisenhower doctrine" with support for the imperialist ruling elite in Israel. This resulted in a true flourishing of Zionism in the United States. Zionist ideology, always an element in Washington's policy, proved especially convenient after the June 1967 aggression of Israel against Arab countries. The US government and monopolies have liberally applied Zionism in the struggle against the national-democratic revolutions in the Middle East. This explains the steady flow of modern weaponry, war supplies

and financial support from the USA to Israel, despite the fact that no formal alliance exists between these two countries.

Southeast Asia was fated to be the part of the globe where US imperialist doctrines underwent a trial by fire in the 1960s. US aggression in Vietnam has a long history, beginning with the "withdrawal" of the French colonial powers from Indochina. Under Kennedy, who sent 16 thousand American soldiers and officers to the area, the first signs of a major war were on hand. The turning point came in 1964 and 1965. Using a doctored version of events during the Tonkin Gulf incident, alleging that the North Vietnamese armed forces had attacked US destroyers in early August 1964, the White House won the almost unanimous support of Congress which in a resolution of August 7, 1964, empowered the President to "take all necessary steps, including the use of armed forces", to halt "aggression" in Southeast Asia. As the Pentagon secret papers, published in June 1971 by leading US newspapers, have shown, the Tonkin Gulf incident was simply one episode in launching a planned aggressive war against the Vietnamese people. A draft of the resolution had already been drawn up on May 25, 1964, while even earlier (March 17, 1964) Secretary of Defense McNamara had written a memorandum including a detailed plan for gradually intensifying direct military pressure on the DRV. The Honolulu Conference of June 2, 1964, attended by Dean Rusk, Robert McNamara, Harry Felt (Commander of US Armed Forces in the Pacific), CIA Director John McCone, US Ambassador to South Vietnam Henry Cabot Lodge and others even discussed the feasibility of using nuclear weapons in Vietnam.

During the 1964 election campaign Lyndon Johnson consciously deceived the American people by declaring repeatedly that his intention was not to send American boys to fight in Asia. In June 1971, Johnson's opponent in the 1964 election Goldwater surprised Americans with the news that he had been well aware of the President's plans to launch a major war in Vietnam. Criticizing Goldwater's extremism in foreign policy Johnson pictured himself as a man of sober views in international affairs, and this pose helped him con-

siderably to ensure victory in November 1964. After winning his mandate for another four years in the White House Johnson moved to carry out the plans which had long before been drawn up. Early in 1965 he ordered the bombing of North Vietnam, and in April decided to send the first large (50 thousand) contingent of American troops to South Vietnam. Three years later the interventionist army had multiplied eleven-fold, reaching 550 thousand. The Vietnam aggression revealed all the basic elements of US foreign policy—the struggle against socialism and people's democratic revolutions, reliance on corrupt dictatorial regimes, and a frantic stockpiling of arms. The Vietnamese conflict also gave the lie to each and every one of the doctrines—both military and political—tried out by Washington in its attempt to emerge victorious on the battlefield.

The collapse of the "peaceful" and "revolutionary" promises of the early 1960s is only one aspect of the crisis in US foreign policy. Ruling circles and the military, accustomed to a chauvinist appraisal of the might of the USA, found it difficult to face up to the military and political impotence of sheer force. The plans for simultaneously waging "two and a half wars" were dealt a staggering blow. Douglas McArthur, who demonstrated that remarkable capability of the political figure to mature in views just when he no longer enjoys the ear of anyone in power, cautioned just before his death in 1964 that anyone hoping for success in a land war in Asia should see the psychiatrist. Ignoring the advice of the General who had lost the Korean War, Johnson and all the others who helped unleash the war in Vietnam, several years later found themselves at a loss on how to extricate the USA, and paid with their careers for this catastrophic policy. The American people had to pay a heavier price, and not only in tens of thousands of young Americans dying for nothing in a far-off land. At home, a crushing tax burden was imposed. Programs to combat poverty and provide aid to areas in distress were sharply curtailed. Infringements of civil rights took place. William Fulbright wrote in 1969 that the war was leading to despotism in the USA. The conflagration in Vietnam severely unsettled the



USA, particularly after the number of American dead climbed over the 40 thousand mark. For the first time in its modern history, the US government ran into heavy domestic criticism for taking part in a war. No such opposition had arisen in 1917-1918, 1941-1945 or 1950-1953. An unprecedented anti-war movement gained momentum in the country in opposition to the imperialist aggression in Indochina.

An analysis of US foreign policy in the 1960s should not bypass some of the characteristic methods used to achieve the imperialist goals of the ruling class. First we should observe the increased role of the military in determining foreign policy. "Defense treaties" signed with 43 countries, and the 2,270 military bases with 1.5 million soldiers on the soil of 119 states—these are the key institutions and main arms of American foreign policy. Second, it is noteworthy that consultative groups including specialists on international affairs have begun to play an immense role in the bodies determining foreign policy such as the presidential apparatus, the National Security Council, the various departments and bureaus. These bodies rely upon a network of foreign policy research institutes. Finally, the third point to note is that the role of representative institutions in determining foreign policy declined. Fulbright, then chairman of the Senate Foreign Relations Committee, observed that the global military and political obligations of the USA had allowed the White House to acquire almost dictatorial power in the area of foreign policy. Hastily approved Congressional resolutions giving an unlimited free hand to the White House and Pentagon served as a *carte blanche* for aggression in any part of the globe. The Vietnamese story has shown that Congressional acts such as the Tonkin Gulf Resolution are in fact the equivalent of a declaration of war.

#### 4. The Growing Danger from the Right

A crisis in the private property foundations of economic and social relations in the USA has been evolving and deepening for several decades and has given birth to a profound

crisis in the ideology of private property. The decade which began with the termination of World War I was the last in which ideology and politics were dominated by traditional individualistic themes. After the crisis of 1929-1933 and the New Deal, as American monopoly capitalism turned into its state-monopoly form, the ideology of bourgeois individualism retreated before a variety of state-monopoly concepts whose foundations rested upon a combination of neo-liberalism and neo-conservatism, embodied in the two-party system of Republicans and Democrats. This does not mean that the ideology of reactionary individualism relying upon unlimited deference to private property and the "free market" disappeared without a trace. This ideology is an inevitable component of all stages of state-monopoly development, for individualism is fed by at least three sources under contemporary capitalism. One is the small individual private holdings which, though incidental to the modern bourgeois system and constantly on the verge of extinction, nevertheless evince a remarkable vitality and tenacity even under the seemingly intolerable dominance of monopoly conglomerates. The second is the state-monopoly complex itself, which, despite the negation of private property foundations in their primeval form, incorporates modified elements of private property and expounds the virtues of such. The interstices between these two sources of reactionary individualism are occupied by the powerful monopolies, geographically concentrated in the South and South West—the seat of provincial nouveaux riches from Texas and California, hostile to the notion of social obligations of business, refusing to recognize government interference with their prerogatives, not yet completely fitted in the pattern of the state-monopoly elite, and therefore not subscribing to the dominant philosophy of "public" or "national" interests. Accepting such a large common denominator for reactionary individualism, and declining to confine its roots to any narrow source, we inevitably arrive at the conclusion that this phenomenon is inherent in all stages of capitalism and will remain an inevitable concomitant until the capitalist mode of production reaches its final days.

The history of the USA in its state-monopoly stage is rife with outbreaks of reactionary individualism, from the Liberty League and semi-fascist as well as overtly fascist organizations of the 1930s, to Taftism of the 1940s and McCarthyism of the 1950s. The socio-political climate of the 1960s was especially favorable for the growth of right-wing movements. Blatant individualism became the slogan of the far right as never before. This individualism was no freak appearance in the post-Eisenhower period, for during the Republican term the advocates of "individual freedoms" believed that they enjoyed an ear with the government, while with the assumption of office by the reform-oriented Democrats they considered themselves deprived of political representation.

The fortunes of individualism are greatly dependent upon the specific political situation inside and outside the country as well as upon the balance of forces in the class struggle. During the 1950s and 1960s American imperialism suffered no small number of defeats internationally and had to confront a multitude of domestic socio-political crises. This gave proponents of individualism cause for belief that the country's ills stemmed from pernicious "collectivism" and from the frailty of the once strong and healthy fibers of individualism. By exciting the imagination of the man in the street with the global imperialist doctrines of "containment", "liberation", "world responsibility" and "invincible might", which disintegrated upon coming into collision with reality, the ruling circles engendered disillusionment among the bourgeois and petty-bourgeois public. Individualists believed that if it weren't for "collectivist" institutions such as the United Nations (the more fanatic of them once even prepared to shell from a bazooka the UN building in New York), NATO and other alliances with other countries, Americans would long ago have purged the earth of ugly "collectivism" and with the help of the Puritan ethic organized the world after their own image.

Individualists found the root of all social ills and disorders in the existence of the monster-state, which was sucking the vital juices from the healthy American body and soul for

the benefit of this very same "collectivism", either in its Russian Communist form or as social measures undertaken by the liberal Democrats. Given a prospering individualism, so they said, the fittest would survive. The "fittest", of course, was to be primarily white, Anglo-Saxon and Protestant (or "WASP" as this outstanding species came to be termed in the USA), while under the corrupting influence of "collectivism" Negroes, Puerto Ricans and other "colored people" were being dragged into the affairs of society, which undermined the qualities of that "model citizen" who with God's help made up the greatness of America. With the growth of the civil rights movement racism became a central component of reactionary individualism.

Reactionary individualism is an important current in the social and political sciences in the USA despite the dominant influence of state-monopoly ideology parading under the guise of neo-liberal and neo-conservative consensus. Drawing on the rich tradition of individualism, proponents of this current are highly active in the academic world.

In 1960, the economist Friedrich Hayek produced his "Constitutional Rights" doctrine, maintaining the leading role he had played among individualists since the 1940s. He was joined by L. Mises, G. Steagler, H. Hazlitt and others. But the true leader of this "Chicago school" of reactionary individualists today is Milton Friedman, professor of economics at the University of Chicago. Back in 1953 the Inter-university Society of Individuals was formed and the Chicago branch began publication of the *New Individualist Review* in 1961. Its spiritual mentors were Hayek and Friedman. The journal's credo was quite specifically formulated in the first editorial, confessing a belief in "human freedom". In the age when the absolute majority of bourgeois authors recognize that business has "social responsibility" the leader of the "Chicago school" Friedman considers that even raising this question is false and even dangerous.

In politics the reactionary individualists juxtapose the "opportunism" and "lack of principles" of the neo-liberals and affiliated neo-conservatives to their own "consistent" and "final" solutions to all pressing problems. Overseas this meant



"final victory" over communism and all who did not fit into the dictates of the Puritan ethic. In their view the path to victory was set down most lucidly by such theorists of militarism as Robert Strausz-Hupe, Stephan Possony and other advocates of victorious thermonuclear warfare. Domestically, matters were even simpler: enervating liberal reforms should be rejected, full freedom given to market forces, and the police apparatus strengthened.

The ideas spun by the ultra-right did not remain idle chatter. In the 1960s they found support in the activities of a whole number of reactionary organizations. Most influential was the John Birch Society formed in 1958. By 1965 the Birchers boasted a membership of 100 thousand. Among other ultra-right organizations the more conspicuous were the Christian Anti-Communist Crusade under R. Schwartz, the Christian Crusade led by the priest Billy J. Hargis, the American Nazi Party under George Rockwell (killed in a brawl), the Conservative Party in New York and the Minutemen. The latter deserves special mention. It was founded in 1960 in Missouri by one Robert De Pew, who was dissatisfied by what he viewed as lack of action on the part of the Birchers. The Minutemen are a military organization, with a large and diversified arsenal in their possession. It has a membership of roughly 10 thousand and up to 40 thousand supporters. They believe that the government is incapable of stopping a Russian "invasion" and of putting its own house in order. The Minutemen Manifesto denounces "traitors" and calls for preparations for the day when Americans will once again take to the streets to fight for their life and freedom. This explains the organization's name as a callback to the heroic American patriots who fought in the American War of Independence. (It should be mentioned in passing that the Pentagon is not averse to folklore-mongering either: it has named its solid-fuel missile the Minuteman as well.)

While waiting for a Russian "invasion" the Minutemen and other ultra-right organizations have been busying themselves with other concerns—the harassment of progressive figures and groups, the murder of civil rights champions and the publication of pro-fascist pamphlets. The ultra-right

leaders do not feel that all government bodies and politicians are bad. They were tickled, for example by the activities of the HUAC (renamed in 1969 the Internal Security Committee), of the Subversive Activities Control Board and other bastions of "individual freedoms". But there were few good people in high office, the ultra-right argued in the early 1960s. How could it be otherwise when the judicial arm of government was led by Chief Justice "Red" Warren, who properly belonged in the dock of the defendant in court! Or consider President Kennedy, the Chief Executive, who was even worse! Kennedy and Warren were subjected to calumny and attacks of a clearly libellous nature. According to the ultra-right press Truman had shown that anyone could get to be President, Ike that the country could get by without a President, and Kennedy that it was dangerous to have a President.

The cult of violence, the psychology of success at all costs and intolerance of all "un-American" thoughts and ways of life, engendered a climate where political assassination was accepted practice. On November 22, 1963, John Kennedy fell victim to the regime of violence and terror, joining Abraham Lincoln, Garfield and McKinley. The objective situation indicates that this was the work of the ultra-right. The murders of Robert Kennedy and Martin Luther King within a brief interval of two months in 1968 leave no doubt that the instigators of these political murders should be sought not among the isolated fanatics who pulled the trigger but in the impenetrable thicket of ultra-right forces.

The danger from the right in the USA stemmed not only from the numerous organizations whose activities verged on the border of criminality. There was a more respectable side thoroughly revealed in the 1964 election. The right wing of the Republican Party, headed by Senator Barry Goldwater of Arizona, responded to the election of 1960 by coming up with a "precise" explanation of the defeat and a "reliable" formula for future victory. Followers of Goldwater found the reasons for the decline of the Grand Old Party in the unfortunate choice of candidates nominated ever since Herbert Hoover. All these candidates—Al Landon in 1936, Wen-

dell Wilkie in 1940, Thomas Dewey in 1944, and even the victorious Dwight D. Eisenhower—had been faceless and featureless personalities, mere yes-men of the liberal Democrats. Since they were not distinguished from their opponents, who had the support of all parasites fond of living off the wealth of the well-to-do, these candidates had been mere shadows of the Democrats. Each of them had been “just another candidate” rather than true champions of the former “rugged individualism” which had made the backbone of the Republican Party. Reactionary individualists demanded, and, because of the vertiginous spread of right-wing ideas and movements, were given their own candidate. The profile of Barry Goldwater, the 1964 Republican candidate for president, was truly something striking and out of the ordinary; he was not “just another candidate”. He set out programs giving “final solutions” for a number of problems and was given help in drawing up these solutions by his closest advisers Milton Friedman (in domestic policy) and Robert Strausz-Hupe (foreign policy). But what did Goldwater promise the American people? Domestically he vowed to put an end to social security and other extravagant Democratic fancies, introduce law and order, bring into line students, Blacks and all those who were acting “at the instructions of Communists”. In foreign policy he promised “victory over communism”. The Republican candidate averred that if elected he would withdraw the USA from the United Nations and give the American commander of the NATO armed forces the right to use nuclear weapons at his own judgement “in the event of enemy attack”. Since hydrogen bombs and Minuteman missiles were a substantial boost to the carbines and grenades in the arsenals of the Minutemen and other ultra-right organizations, they decided that with Goldwater in the White House they would be elevated in their status and gave their wholehearted support to his candidacy.

It came as no surprise when Goldwater was thoroughly trounced in the 1964 election, for such had been predicted by nearly every major newspaper and magazine. But we should not forget one fact: although he lost the election he did pull in more than 27 million votes. Bourgeois propaganda

calmed the fears expressed by progressive and liberal public opinion with the fact that many millions of people had voted for Goldwater automatically, out of inertia, for he had been nominated by a respectable party. But then the next presidential election came around. Though the conservatives had someone to vote for out of the two candidates, in the election of 1968 some 10 million voters cast their ballots for the third-party candidate, former and present Governor George Wallace of Alabama. There is no way this man can be seen as a representative of bourgeois respectability. He offers proof of the profound roots which reactionary ideas and stances have taken among Americans. This mood, as an analysis of the political spectrum shows, has even affected a segment of the working class, who have cast their support behind George Wallace. People on the ultra-right today see communism as their chief enemy. They not only see a communist behind every bush, in fact their very notion of “communism” means state-monopoly ideology and policies, which the bulk of the bourgeoisie regard as the most effective means of strengthening monopoly dominance and building fences against socialism.

### **5. The Upsurge in the Labor and Democratic Movement**

The 1960s witnessed not only the activization of ultra-right tendencies. Of far greater importance was the diametrically opposed tendency in American politics and society—namely, the upsurge in progressive movements, which took on a scale unmatched since the 1930s.

The democratic movement of the 1960s must be considered in the light of the effect of the scientific and technological revolution on the social structure of American society. An intensification of the process of proletarianization quite naturally places new strata of the proletariat in the vanguard of modern social protest, which has a class character in essence. The more forcefully expressed individualism of the new recruits to the working class and their lack of organization, stemming both from their social psychology and from the



cold shoulder turned to their interests by the AFL-CIO leaders, give the superficial observer or the specialist trained to reject the historical mission of the proletariat the impression that these recruits stand outside the working class and are rebelling not in the name of major class goals but out of the exaggerated sense of egotism characteristic of the middle class or because of the eccentricity of those who have strayed off the beaten path.

It should be admitted that individualism, eccentricity and egotism are all present in the conduct of the new strata of working people. There is a need to find a rational explanation for such conduct. But we should not allow this question to divert us from the main point—the affiliation of such persons and groups which have chosen this method of protest with the modern anti-monopoly movement and the mainstream of the class struggle in the USA. We must also strongly object to the opinion widely held in bourgeois and all non-Marxist circles that arrogantly condemns the “traditional” (that is, union organized) workers’ movement for allegedly confining its goals to wage increases, while denying any material content to the actions taken by the new types of working people (placing them in the “middle class”), ascribing their motivations to eccentric and irrational buffoonery.

It has become fashionable in the USA to accuse the unions of excessive economic and social demands which inflict harm on “public interests”. Thus the unions are criticized both for the lack of bold objectives and for boldness in their demands. This entire complex of views bears the heavy stamp of bourgeois thought, for it is built upon the bourgeois interpretation of all social categories: the unions are encouraged to reach for “broad” goals if they do not involve infringements upon the positions and profit of the monopolies. All it takes is for a union to declare that social progress is inconceivable without upgrading the living standards of the main productive force in society and it will be subjected to a barrage of criticism and accusations of both “greed” and “narrowness of views”. The opinion held sway in American writing on the subject in the 1960s that it was the excessive union demands which were responsible for inflation and other ills of

the economy. The arms race, foreign policy adventures, the militarized state-monopoly nature of the economy, providing the monopolies with an unrestricted (by anything except the class struggle and the overall interests in protecting monopoly domination) access to maximum profits—such considerations are consigned to oblivion. The right-wing, and sometimes blatantly reactionary leadership of the unions often makes concessions to appease its critics and appeals for “restraint” to the workers, in so doing confessing that they subscribe to the truth of the bourgeois arguments.

The labor movement in the 1960s was marked by several features distinguishing it from the movement of the preceding decade. Militancy was more common in the unions and was manifested in rank-and-file revolts. Dissatisfaction with the terms reached in collective bargaining and agreed upon by the union leadership under pressure from management, the government and the “public”, led to more frequent refusals to ratify such terms and sometimes to rejections *in toto* of the contract. This undermined the positions of the conservative leaders in the AFL-CIO and in particular unions. In 1964 alone, protest votes ousted six leaders of major unions, including James Carey of the International Union of Electric, Radio and Machine Workers and David McDonald of the Steel Workers Union. Strike demands as well as the terms of new contracts paid more attention to job protection, work schedules, re-training workers and other problems associated with consequences of the scientific and technological revolution. Of no less urgency in the 1960s was the question of providing youth with access to well-paying jobs. With the upgrading of requirements for qualifications young people with only a secondary education are faced with a catastrophic situation, for the job market is virtually closed to them. During the last 10 to 15 years unions have worked hard to defend the rights of aging workers, but the problem of the young has not yet gained a relevant place in union politics. This, by the way, is one of elements in the rebellious mood of American youth.

During the strikes of the 1960s the “old” questions of the class struggle continued to figure prominently. We have in

mind demands for wage increases, for union recognition and the right of unions to participate in negotiations over labor conflicts. The wage problem became especially acute in the mid-1960s, when the escalation of the war in Vietnam pumped up inflation and as a consequence the cost of living index rose. 1966 and 1967 witnessed the first palpable decline in real earnings for many workers and employees since the time of the Korean War. In the manufacturing industries, blue-collar earning declined 2 percent in one year's time. Such a trend was a major contributing factor to the upsurge in the strike movement in 1966. The need to strike in order to win union rights indicates how tenuous is the position of labor organizations in the United States and how imperfect, or, more precisely, reactionary the existing labor legislation in this sphere. Entire branches of the economy are excluded from the jurisdiction of laws guaranteeing the right to organize and to collective bargaining. In other sectors these laws are narrowly defined and, more important, workers are prohibited from striking in order to force management to negotiate. In all types of employment without exception, the right to strike, an essential bargaining weapon of the union, is limited by formidable barriers.

Federal employees, numbering over 12 million in the 1960s, are among the most destitute of rights. They are prohibited from striking.

A new element in the class struggle in the 1960's was the active inclusion in the strike struggle of federal employees, who were no longer intimidated by the draconian provisions of the law. One after another unions of federal employees began to expunge their charters of the no-strike provisions. A far-reaching exchange of opinions was the result which led to a conflict of views between opponents and moderate proponents of the right of the federal employees to strike. The latter themselves participated in the discussion and not only in word, but in deed—through strikes.

However, the union movement in the USA remained fundamentally a force carrying through the collective bargaining process alone. It is not within the capabilities of such a process to deal with many basic socio-political problems of

the modern world such as the liquidation of monopoly domination, rolling back the militarization of the economy and halting aggressive trends in foreign policy, turning the scientific and technological revolution to the needs of the society as a whole, achieving equal rights for Blacks, and so forth. Without dealing with these questions the working class movement is incapable of playing its historical role in the remolding of capitalist society along socialist lines. By failing to place these questions at the top of the agenda, the labor movement continues to give bourgeois ideologists ground to argue that US unions are both reactionary and passive, to sow the seeds of historical pessimism and distrust in the creative abilities of the working class and to promote the idea that capitalism is here to stay.

The collective-bargaining strength of 18 million union members, who make up less than 25 percent of the US work force is diffused into 150 thousand separate contractual units. The majority of this number are too small to deal with major social problems. The leadership of union centers began to resort to the tactics of "coordinated negotiations" in order to bring together the efforts of different organizations. But this leaves unsolved many problems outside the delegated competence of collective bargaining, being of a larger class and political scope.

It is for this reason that the Communist Party of the USA tries to lead the labor movement beyond the narrow framework of the collective bargaining process by providing it with democratic and socialist goals. From the outset of the 1960s the party, despite all anti-communist legislation, began gradually but confidently to overcome the barriers set up by the bourgeoisie, the state, and by propaganda fencing it off from the workers ever since World War II. From the mid-1960s on, the party devoted special attention to questions of political program, which occupied center-stage at the 18th Party Convention of 1966 and at the special pre-election convention of 1968.

In 1968, for the first time in 28 years, the Communist Party put forth its own candidates for high elective posts. The party preferred to work in a united front with all left



organizations, but the conference of new political forces held in 1967 was incapable of agreeing upon a united choice for President and Vice-President. It was an important day in the history of the CPA when its newspaper *Daily World* began to roll off the presses in the summer of 1968.

The democratic upsurge in the 1960s cut deeply into the position of the conservative AFL-CIO leadership under the Meany-Lovestone clique. This clique proved unable to come up with its own domestic and foreign policy program conforming with the interests of the unions, the working class and the nation as a whole and resisting monopoly encroachments. In December 1965, Meany foisted on the Sixth Convention of the AFL-CIO a resolution fully approving the President's Vietnam policy. This shameful document gave additional cause for bourgeois and petty-bourgeois radical ideologists to write off the unions and working class as an active force in history. However, dissatisfaction with the reactionary policies pushed by Meany had long been gathering in the union ranks. It was particularly strong in the UAW under the leadership of Walter Reuther, who led the opposition to Meany and Lovestone.

Reuther came out with a program of expanding the social goals of the union movement, calling for more resolute anti-monopoly actions. Still more determined was his stand on the war in Vietnam. Reuther and his supporters went farther than just adopting resolutions to denounce the aggression. In November 1967, a representative trade union assembly for peace was convened in Chicago, bringing together delegates from 50 major unions, including unaffiliated unions and some with leftist leanings among them. Dr. Martin Luther King, Senator Eugene McCarthy, Democrat of Minnesota, and Professor John Galbraith, leader of the Americans for Democratic Action, addressed the rally with anti-war speeches, which served to increase its political impact. The situation grew more acute when masses of union members began, with Reuther's support, to join in demonstrations against the Vietnam war.

In May 1968, Reuther's UAW was expelled from the AFL-CIO. Two months later, on July 22, 1968, it was an-

nounced in Chicago that the auto and aviation workers' union was joining with the Brotherhood of Teamsters (expelled from the AFL-CIO back in 1957) to form the Alliance for Labor Action (ALA)—with a total strength of 3.6 million members. The leaders of the two unions announced that the ALA doors would remain open to all organizations regardless of union affiliation and that membership did not require breaking ties with the traditional centers. As the name of the amalgamation might suggest, the ALA called for actions leading to the organization of previously non-unionized workers and a permanent organizational committee was appointed for this purpose. Other goals of the ALA included coordination of the struggle for recognition of collective bargaining which would set broad social goals; work for progressive reforms in the social security and tax systems; fight for a major expansion of construction and relief for the urban ghettos; joining the efforts of the unions with the growing civil rights movement; and overcoming the differences with the liberal and radical groups still hostile to the notion of working jointly with the labor unions.

The ALA leadership, naturally, did not transgress the boundaries of liberal reformist ideology. It did not free itself of anti-communism or the spirit of submission to the liberal bourgeoisie. More could not have been expected from people of the type of Walter Reuther, whose entire career had been built upon anti-communism and support for the government of the monopoly bourgeoisie. Still, this combined union activity has increased labor prestige in the eyes of all who are opposed to American imperialism in both its domestic and foreign policy aspects.

This was a matter of extreme importance, for the democratic upsurge of the 1960s began not in the unions, but among youth, particularly student youth, belonging to various classes, social strata and ethnic groups. The so-called silent generation of the 1950s was replaced by the rebel generation of the 1960s. Youth protests took a variety of forms. Many (primarily those from prosperous families) expressed their dissatisfaction with a system riddled with profit-seeking and cupidity, suffocating in its impersonality and threatening

to cause a new world war, by breaking demonstratively with parental ties, public institutions and bourgeois society itself.

It was not the barefoot, ragged, hirsute, drugged hippies who set the tone for the youth movement in the United States. The rebellious youth of the 1960s were composed of students and workers, both Black and white, who were protesting against fundamental social evils such as the war in Vietnam, racism, the inability of "technological society" to provide for the comprehensive development of the individual or even ensure work for the younger generation, the dehumanization of education and so forth. This was no abstract "generational conflict" no matter how much bourgeois propaganda would like to characterize the youth revolt, as fomented by a small group of "culture freaks" ignorant of the way of life and thinking of the older generation and trying to create a "new culture". In fairness this criticism may be directed only to that group of "hippies" whose orientation was set by idlers from bourgeois families and by FBI agents. In fact the radical youth movement is of quite another profile. It is directed against genuine and very material flaws in the bourgeois system. In substance, it rejects the foundations of the existing system, although many have only the haziest notion of what it should be replaced with; it is characterized by massive actions (sit-ins, protest marches, the seizing of university premises, etc); it is charged with inextinguishable militancy frightening the propertied class; Black youth, implacable and ready to adopt the most extreme methods of struggle occupy a prominent place in it; it is marked by a blatant distrust of and even disdain for traditional liberalism which it sees as soiled by the McCarthy era; it is concentrated in the universities and colleges, since other likely institutions afford little access—progressive thought in the unions has been suffocated by the leadership, and the Communist Party has suffered fierce persecution; it openly rejects anti-communism as a necessary attribute of respectability in postwar America.

The mass radical actions of youth in the 1960s formed the core of the movement known as the "new left". The "new left" differs from the "old left" (Socialists and Communists)

in two fundamental ways. First, it embraces in its fold all who take part in radical actions against the defects of the existing system but who adhere to no strict "doctrine" or "ideology" in general. As far as the action component is concerned the "new left" and the Communists are not fundamentally at odds. In fact the "old left", especially the Communists, have always stood for action and set courageous examples in their activities. The Communists were "outside the action" after the war not because they rejected militant activities but because they were prohibited from taking part. The joint actions taken in the fight against racism, aggression and all forms of oppression demonstrate that on this point the so-called "old" and "new left" are not separated by infrangible barriers. The "new left" took the lead because the "old" was excluded by specific conditions from taking a broad initiative on its own. This in fact is the main strength of the "new left".

The differences separating the "old" and the "new left" on ideological questions are much more substantial. The new left reject the capitalist system, and this rejection is the strongest point of their ideology. But though anti-monopoly and anti-imperialist in content, the ideology and programs advanced by the new left suffer from lack of theoretical clarity. They are suffused with emotional denunciations of the capitalist system, which are convincing enough to attract hundreds of thousands and millions of the discontent, but insufficiently focussed to provide real directions for the creation of a new society. The Port Huron Statement adopted by the Students for a Democratic Society (SDS) in 1962 at a convention in the city of that name in Michigan, speaks of replacing power based on property to authority based on love, thought, common sense and creativity. The SDS (founded in 1960) was the most important organization uniting the new left. By 1969 its ranks had swollen to 100 thousand members. During the 1960s a multitude of other student and youth organizations were formed whose views differed little from those put forth by SDS.

The theoretical weakness evinced by radical youth in the USA was availed of by petty-bourgeois ideologists. The So-



cialist Workers Party, a Trotskyite organization, expanded its activities and the Progressive Labor Party (Maoist) appeared. Their chief weapon was slandering the socialist countries and communist parties as well as the advocacy of petty-bourgeois fractiousness. Considerable influence was not the lot of these groups. But the same cannot be said of certain authors such as C. Wright Mills, Herbert Marcuse, Michael Harrington and many others. All types of radical magazines and newspapers, the number of which grew with each passing year, also gained substantial popularity.

Bourgeois propaganda would have especially preferred that Herbert Marcuse be given recognition as theoretical leader by the rebellious youth, for he more than other radical ideologists was responsible for debunking socialism, the positive alternative to the crisis-stricken capitalism. The degree of his popularity among the new left was deliberately inflated, which was not always noted by Marxist authors criticizing Marcuse's position. Marcuse and others who edged themselves into the position of "new left" theorists revealed their theoretical deficiencies in their interpretation of philosophical categories. Absolutizing the negative in the category of negation, they did not see that negation is in essence a positive, creative notion. They dwelt only on the negative in negation and did not trace the logic of its development to the formulation of a new and positive substance.

Neither Marcuse nor Harrington, nor even Mills—who was firmer in his denunciation of the power elite—could present a scientifically precise anatomy of the modern bourgeois society. Failing to show the objective position of the monopolies in the state-monopoly structure of the USA, they thereby concealed the main target from the "new left" strike and in so doing bowdlerized the social and economic content of the fight waged by revolutionary-minded youth.

This characterizes Marcuse and his supporters as theoreticians who not merely suspend socio-political conflicts in a vacuum, but even provide support for conservative views. The "destroyers" of capitalism argue in substance for the retention of the status quo. Any liberal or conservative will

agree to modifications, whether political or social, if the fundamental structure remains intact.

If it is to be assumed that non-Marxist ideologists in the new left recognize the necessity of abolishing capitalism, they see only the "middle class" as the driving force of this process. Marcuse argues that the working class is integrated in the existing regime and has stopped being the ferment of revolution. George Shenkar, another proponent of this school, who was given the opportunity to present his viewpoint in a discussion printed in the theoretical journal of the Communist Party, regards the moving force of the revolution to be the "technological class" which in fact amounts to the same thing as the "middle class". The Great October Socialist Revolution, which was carried out according to prescription other than Shenkar's, is explained away by him as a "premature" action implemented by "proto-technologists". In rebuttal the journal *Political Affairs* explained: "Mr. Shenkar confuses class divisions with the division of labor..." and pointed out that the technological stratum "became more and more a part of the skilled working force". The lack of comprehension of social consequences of the scientific and technological revolution becomes a source of arbitrary constructions and distortions while analyzing the structure of contemporary bourgeois society.

The new left movement should not be classified as a labor movement, but neither should they be opposed to each other or the common social elements of the two be ignored. The children of working class families are numerically 3 to 5 times as strong in US universities as in bourgeois Europe because of the overall greater availability of education in America. There is another and more important point, however, namely, that the graduates of vocational and higher educational institutions today are not as far removed from the working class as was the case decades ago. It is no accident that the student body and youth as a whole, as well as democratic intelligentsia, have formed the backbone of the new left movement, for the traditional working class strata have powerful trade union organizations capable of at least defending the economic interests of their members.

The same cannot be said of the new strata of the proletariat or of the segments of intelligentsia close to them. This is why rebellion is so conspicuous among the latter. But in practice the reasons underlying strikes carried out by unions and protests staged by students have similar roots. The situation is the same concerning goals. This does not mean that the intelligentsia and middle strata should be erased from the register of social groups. It does however signal that, first, the new left movement should not be regarded as a struggle internal to the middle classes and, second, that the interests of the middle strata and working class are closer than at any point during the nineteenth or early twentieth centuries.

This was given broad emphasis by Communists, who for the first time gained some access to student and worker audiences. The Communist Party explained to the youth leaders that the interests of the workers and students were not principally opposed, that without an alliance with the working class and without a clear revolutionary theory and program the student movement was destined to failure and isolation.

During the 1960s interest in Marxism among US intellectuals reached a level not achieved since the 1930s. Leaders of the Communist Party were frequently invited as the guests of students and teachers. Marxist study groups were formed within the traditional academic bodies. Progressive ideas reached into historic studies as well, where a new left school appeared. Historians affiliated with this school include William A. Williams, Norman Pollack, Christopher Lasch, William Lafeber, Gabriel Kolko, Howard Zinn, Gar Alperovitz and many others. They have made a certain dent in the "consensus" myth of American history and debunked the official versions of the origins of the cold war, and as a result have suffered severe criticism from bourgeois historians of both liberal and conservative leaning.

## 6. The New Stage in the Civil Rights Movement

The USA is a country where discrimination finds fertile soil. Here discrimination strikes at the rights of racial, ethnic and religious minorities, of recent immigrants, of the aged and the young, of women and children. But the primary target of discriminatory ideas and practices are "colored" Americans, and above all Blacks. Non-whites make up a substantial part of the US work force. The overwhelming majority of the 25 million Blacks in the USA are workers or members of working class families. Here unemployment has always been much higher than the average for the country. In 1968, unemployment stood at 3.6 percent in the USA, while for the Blacks it was 7.4 percent. The unemployment rate for Black youth (up to 20 years of age) approached 25 percent, and in nine major urban ghettos it reached 33 percent, a figure 8.8 times higher than the nationwide level. There are figures to indicate the degree of exploitation of those Blacks who find jobs as well: in 1958, the average salary of a Black worker was only 58 percent that of the white. By 1964, the situation had even regressed to 56.7 percent. Poverty, which in 1966 afflicted 15 percent (28.8 million people) of the US population, was the lot of 40 percent (9.3 million) of all Blacks and 11.5 percent (19.5 million) of whites.

The racial question is becoming interwoven with that of the working class. Between 1964 and 1970, 20 percent of the growth of the US work force was accounted for by Blacks, although at the time they made up no more than 12 percent of the population. According to specialists, by 1980 the white work force will increase by 28 percent and the Black by 41 percent. But the racial question will never become a question strictly and solely concerning the working class, for the entire Black community, regardless of social class distinctions and including businessmen, is subjected to discrimination. Blacks own roughly 3 percent of all American enterprises, and less than 1 percent in the manufacturing industries. If the weight of the Black business community is measured in terms of capi-



tal holdings, it shrinks into utter insignificance. The standard of living enjoyed by the upper strata of the Black population differs essentially from the terrible situation facing Blacks in the ghetto, of this there can be no doubt. But racial discrimination *per se* serves as a bond between these two groups.

Progressive and revolutionary forces often are beset by two theoretically mistaken and politically dangerous points of view concerning the racial problem. One such viewpoint subsumes the Black question under other problems, first of the farm population and then of the proletariat. As a consequence the specific features of the Blacks' situation have been obscured and the Black population which has never been entirely farm worker or proletarian, has remained alienated from the Socialist Party. American socialists from the time of Daniel De Leon and Eugene Debs have up to now failed to come up with an acceptable program in response to the Negro question, for they have maintained that the problem would disappear with the establishment of socialism in America. The same mistake can be observed in the literature of the Communist Party in its formative years. The other mistake consists in a striving for isolation and separatism, to uncouple the Black movement from other democratic movements and the class struggle of the proletarian mass. From this point of view, all whites are the same, regardless of class or social strata. The political danger involved in such an approach is all too obvious. It divides Blacks and whites, leads to confrontation, hostility and direct bloody clashes between white and Black working people. This other extreme is often a feature of Black organizations. US history has in its annals the "Back to Africa" movement, advocacy of the right to self-determination of the non-existent "Negro nation", and Black chauvinism as a response to white racism. Both of the above mistaken views stem from a common source—desperation, a lack of belief in the feasibility of organizing a massive struggle to win equal civil right for Blacks. So some suggest waiting until socialism comes, and others call for self-imposed isolation and the creation of a separate Black community. In the first case Blacks are excluded from the ranks of those fighting for socialism, which in effect reduces the chan-

ces of achieving either socialism or equal civil rights. In the second, Blacks are condemned to reckless schemes, which only end in further pessimism and lack of self-confidence among the Blacks themselves.

Racism is the crucial feature that determines the approach to the Black situation by the predominant bourgeois ideology (here we exclude the viewpoints of Black bourgeois intellectuals). Here we are not concerned with mistaken views, but with an integrated ideological system. Racism is most conspicuous among reactionary individualists who predict doom-day if Blacks are given equal rights as citizens. It is no coincidence that racism and reactionary individualism live cheek by jowl in the South. Racism of the Northern, urban strain is not so "traditional". Its ideology and politics are more modernized and refined but no less vicious in sum and substance.

The bourgeois approach to the Black question tends to emasculate its socio-economic nature. This results in the obfuscation of those forces which by their objective situation in bourgeois American society are materially interested in maintaining racial discrimination. Instead of indicating the main carrier of racial oppression (the monopolies), bourgeois ideologists at best spread the blame for the practice of racism equally upon all classes, groups and institutions. More insidious interpretations blame the working people in general for serving as the main prop for racism, while the state and the monopolies are absolved of all guilt and praised for good intentions. The explanation is primitive in its logic—those who live nearest, rub shoulders with Negroes, work next to them, are most likely to be racists, while those at a remove (such as the government, corporations) are less susceptible to feelings of aversion for the "colored people".

The analysis offered by the US Communist Party to explain the Negro condition and ways of dealing with it pointed to the role of the monopolies in fostering the existing situation. It linked the fight for equal civil rights for Blacks with the struggle against the monopoly bourgeoisie and attached an important role in this struggle to the Blacks. The party emphasized that the liberation of Blacks from their burden of oppression was a task to be taken up by the country as

a whole and not by the Black population in isolation. The accomplishment of this task, argued the Communists, must depend primarily upon the efforts of the working class, especially organized labor. The Communist Party regarded the Black problem as an independent question affecting the destinies and liberation from racial oppression of 25 million people. But the party saw that the problem was inseparably linked with other questions, and notably with the class struggle of labor against the monopolies. The party showed how closely interwoven the racial question was with the economic, social and political situation of the US as a whole, both domestically and internationally. The party leadership rejected any inclusion in the communist program and practices of slogans calling for separatism and aloofness which once again had become popular as a result of admiration for the truly heroic struggle waged by Black youth against racism. The party expostulated that the inequality suffered by racial and ethnic minorities in the USA would be finally overcome only under socialism, but underscored that many sides of racist ideology and practice could and must be defeated even within the framework of capitalist society in the context of the mass democratic anti-monopoly struggle.

The modern stage of the struggle for equal civil rights began in the second half of the 1950s, but the true unfolding of the movement occurred in the 1960s. This new stage in the struggle for equal rights for Blacks involved the rise of numerous new organizations. The two main organizations which had traditionally defended the Black rights, the National Association for the Advancement of Colored People and the National Urban League, had never served as organizational centers for mass activities. Brought together as an alliance of the Black intellectuals and the liberal bourgeoisie regardless of color, the NAACP limited itself to cultural and educational work. Its main contribution to the Black struggle for freedom and equality lay in the legal defense of victims of racist court persecution, which, of course, should not be demeaned and remains important today too. The National Urban League, similar in composition to the NAACP, devoted most of its time and energy to helping Black people

in their migration from the rural South to the urbanized North. These organizations are connected with the liberal bourgeoisie and union leadership. They have maintained an integrationalist position and have a battery of trained lawyers to defend Blacks in the endless stream of fabricated cases brought against them in court. But during the latter part of the 1950s and especially after 1963, the year when mass marches, demonstrations and uprisings in the ghettos became frequent happenings, NAACP and the National Urban League receded into the background.

The vanguard was occupied by non-violent and militant organizations which responded with stubborn resistance to terror and coercion promoted by the racists. In 1957, a new organization grew up from the mass movement to boycott segregated bus lines in the southern cities. The organization was called the Southern Christian Leadership Conference (SCLC) and was led by the Reverend Martin Luther King. Parting from the legalistic methods pursued by the NAACP, the Southern Christian Leadership Conference adopted mass methods in the struggle against segregation—boycotts, freedom marches, etc.

Following the example set by King's organization, students from Greensboro, North Carolina, organized a series of "sit-in" demonstrations in February 1960 against cafeterias and restaurants refusing to serve Blacks. During this campaign, which spread to other cities in the South, new organizations sprung up such as the Congress of Racial Equality (CORE) and the Student Nonviolent Coordinating Committee (SNCC). Between 1960 and 1963, the states which had formed the Confederacy during the Civil War (1861-1865) were to witness numerous campaigns against segregated service and discriminatory hiring practices. The logic of events made highly problematic and dubious the accent on peaceful, non-violent actions confined to the Southern states alone. The local police were far from peaceful in their reprisals against non-violent demonstrators. During the 1963 summer months alone some 14 thousand demonstrators were arrested in the states of the former Confederacy. A wave of murders and other terrorist acts taken against the activists of the civil rights movement



swept the South in 1963. In Birmingham, Alabama, reprisals against Blacks became so vicious and widespread that President Kennedy was forced to bring the national guard under federal control (normally it remains under the control of the governor, but the President may, by declaring a state of emergency, assume direct control) and provide defense for the Black population.

The happenings in Birmingham stirred up the entire country. Along with the subsequent march on Washington on August 28, 1963, of 250 thousand Blacks and whites, they marked the starting point of the period of militant mass actions with the center of activity beginning to shift to the North. The march on Washington, which Kennedy opposed in every possible way, served to bring together the diversified coalition participating in the civil rights movement. It was on this day that Dr. Martin Luther King gave his famous speech "I Have a Dream" which became a classic of American political oratory. In 1964 another march on Washington took place, this time joined by 400 thousand people. In the mid-1960s the focus of the civil rights movement was shifting to urban centers in the North. Specialists on the question are unanimous in the opinion that this shift was essentially complete in 1968.

It was here in the urban ghettos that in the 1960s numerous organizations and trends emerged to support militant, sometimes extreme, methods of fighting racial discrimination. The tone was set by youth who were deprived of the opportunity to find work or enroll in an educational institution. These youth spurned not only the methods adopted by NAACP and the National Urban League but also those of the SCLC in the South. The actions taken by ghetto youth bore a strong separationist stamp, which flew in the face of the integrationist policy of the established Black organizations. The year 1966 saw the emergence of the Black Panther Party under the leadership of Huey P. Newton. Today the organization has turned into a sect advocating "Black capitalism".

After shifting its center of gravity to the ghettos in the industrial centers, the Black movement began to place its

emphasis on socio-economic demands and became less legalistic than it had been when civil rights organizations had devoted most of their energy to the liquidation of racist legal barriers and customs in the South. When it turned to the problems of the ghetto the Black movement took on more energetic forms. The leaders of Black ghetto youth enjoyed broad support in their criticism of traditional organizations for their disinterest in the social needs of slum residents and focus on the concerns of the middle and upper strata of the Black community. The traditional organizations were also scorned for timidity in their stance toward racists. The new leaders accused Roy Wilkins of the NAACP and Whitney Young of the National Urban League of being "Uncle Tom" that is, following the patterns of Uncle Tom's humble conduct in Harriet Beecher Stowe's famous anti-slavery novel *Uncle Tom's Cabin*. This criticism was not without effect. In 1968, all Black organizations came forth with programs aimed at providing relief for the ghettos. The most vivid example of this was the famous anti-poverty campaign launched in 1968. Martin Luther King responded most boldly to the challenge thrown down by the rebellious ghetto youth. He moved to coordinate the activities of his prestigious organization with those of striking workers. But in April 1968 King was murdered in Memphis, Tennessee, where he had arrived to support a strike of garbage collectors. This was the response of the racists to the change in policy adopted by Black organizations.

## 7. The Democratic Defeat in the 1968 Election

By the time of the 1968 election the Democratic Party in power had become enmeshed in such a knot of unresolved domestic and foreign policy problems and contradictions that it could find no egress. Among these problems the most prominent were price and tax increases, city plight, the staggering rate of crime, riots in the Black ghettos and the war in Vietnam. In fact, Vietnam was the central issue in the 1968 election and was the major factor in the Democratic defeat.

The Democratic Party was even more divided by controversy than it had been in 1948. At that time the leadership had lost the support only of the two extreme wings: the Wallace Progressives and the racist Dixiecrats. Now the party was split right up the middle. The coalition forming the backbone of the party from the 1930s disintegrated at the core by election time: the liberal intellectuals, whose standing had risen sharply in the 1960s, openly denounced Lyndon Johnson for the war in Vietnam; the Black organizations and their supporters lost a considerable portion of their faith in the Democrats who had lost sight of their needs after a promising start in 1964 and 1965; the union leadership remained faithful to Johnson and Humphrey, but the rank and file defected, some to more progressive candidates and others to George Wallace; for the business world LBJ, of course, remained the most suitable candidate among the Democrats, but Wall Street and other centers were frightened by the President's inability to retain control over events as he had done between 1964 and 1966.

A bitter struggle took place within the party leadership over the choice of presidential candidate. The left wing supported Senator Eugene McCarthy of Minnesota who had won wide support among youth and the liberal intellectuals. Senator Robert Kennedy, seeing that Johnson's position had slipped badly, also declared his candidacy and launched an energetic campaign. Then Johnson announced that under no conditions would he stand for re-election. From this moment on, the real struggle was between Hubert Humphrey and Kennedy. With the murder of the latter the Vice-President became the sole contender with a genuine chance of winning the party nomination. Humphrey remained steadfast in his support of Johnson's policies. He believed the backing of the party machine in the hands of the President to be more important than massive popular support and did nothing to put himself at a distance from Johnson's unpopular policies. This meant that in the public eye the Democratic Party remained the party of LBJ, which was enough to guarantee a Republican victory.

During the campaign the Republicans had another trump

in hand to supplement the advantages inherent in the disunity prevailing in the Democratic camp. Having given the extreme right the opportunity in 1964 to prove itself (at which it failed), this time the Republican leadership could adopt a more centrist position and hope to retain the support of a broad constellation of social forces. Richard Nixon took the lead in the primary elections and was nominated the party's choice at the convention.

Nixon was given substantial support from the business community which regarded his candidacy as a stabilizing factor in the situation. Nixon used "law and order" as his watchword for domestic policy. He spoke out against inflation, both in terms of the dollar and in terms of "inflated promises". In so doing he signalled his criticism of the entire policy of social reformism adopted and pursued by the Democrats. He promised that he had a plan to end the Vietnam war.

The Republicans, including their candidate for President, had many opponents. The bulk of the unions, the majority of the Black population and of liberal intellectuals voted for the Democrats. But these forces were weakened by the party leadership itself. The Democrats retained their majorities in both houses of Congress (57 to 43 in the Senate and 243 to 192 in the House of Representatives) but the White House was taken over by the Republicans.



## *Chapter X*

### THE REPUBLICANS IN POWER (1969-1974)

#### 1. The State of the Economy. The Socio-economic Policies of the Nixon Administration

During the very first year of Republican government the US economy, which had already shown signs of a recession in 1966 and 1967, was rocked by yet another economic crisis. From the middle of 1967 to the middle of 1969 the economy was booming, but a decline in output began in July 1969 and continued virtually throughout 1970. By November 1970 a drop of 7.6 percent had been registered from the high point in July 1969. The GNP (calculated in constant prices) fell by 0.4 percent in 1970. Unemployment climbed vertiginously from 2.8 million in December 1969 to 5 million in January 1971. The latter figure represented 6 percent of the work force. The year 1970 was the third in the period since the end of World War II in which an absolute decline in gross national product was registered from the previous year (the other dates were 1954 and 1958).

The economic crisis of 1969 and 1970 was not simply a crisis of overproduction. It was accompanied by the most acute stock market crisis in postwar history. The value of stocks on the market fell by \$300 billion. The crisis of 1969 and 1970 had one highly important distinctive feature. While previous cyclical crises had been accompanied by falling prices, this time the opposite took place. In 1969, retail prices rose 6.1 percent over the previous year, and in 1970 another 5.5 percent over the 1969 level.

At the very close of 1970 the US economy entered a state of prolonged depression which continued throughout 1971.

The GNP rose (in constant prices) by only 3.2 percent over the previous crisis year. In 1972, the economy entered a cyclical boom phase. The GNP rose by 6.1 percent. In 1973, the rate of growth held steady, but the economic situation became much more complicated, partially because of the energy crisis which peaked in the last quarter of 1973 and early 1974.

The energy crisis crept up gradually, striking in full force in the autumn of 1973 in connection with the new deterioration of the situation in the Middle East, resulting in a certain reduction in oil deliveries to the American market from this region. The energy shortage led, firstly, to a decline in a number of important sectors of the economy and, secondly, to spiralling prices, which had already been high enough even during the economic crisis. The problems of inflation and unemployment became increasingly severe. In his Economic Report to Congress on February 1, 1974, President Nixon called 1973: "... a year of problems and progress in the American economy. In some respects the problems were greater than we expected and the progress was less than we had hoped. . .". The Chief Executive stated with concern that the "old problem, inflation", had been aggravated by "one that has just become acute, energy".

Both unemployment and inflation have dogged the US economy in the 1970s. In 1972, the unemployment rate averaged 5.6 percent, although that was a year of high employment. In 1973 unemployment declined to 4.9 percent, but in January 1974 it again rose to 5.2 percent. In his annual report on the labor force, given in April 1974, the President admitted that the ethnic minorities suffering racial discrimination, as well as youth of all races, were in a particularly difficult position. In 1973 some 8.9 percent of the Black labor force were unemployed. The rate of unemployment among youth was even higher—12.6 percent, and for Black youth it reached the astronomical figure of 30.2 percent.

From the early 1960s the US economy has been beset with nagging inflation. Inflationary tendencies blossomed in the middle of the last decade when the full-scale aggressive war against the people of Indochina was launched. The February

1974 Economic Report of the President states: "For eight years economic policy and the news about the economy have been dominated by inflation. The story has been a frustrating one. Over the period from the end of 1965 to the end of 1973 consumer prices rose by 45 percent, or at an average rate of 4.8 percent a year." The goal set by the government to reduce inflation to 2 to 3 percent remained elusive. The energy crisis has sent inflation galloping. According to official data included in an economic message sent by the President to Congress, the cost of living rose by 10.2 percent from April 1973 to April 1974. In the first quarter of 1974 it rose at an annual rate of 12.1 percent. The President noted that the economy had not suffered such an inflationary jump since 1951.

Before actually taking office Nixon had a lot to say about the necessity of decentralizing the power of government by reinforcing the authority of individual states and municipalities. He spoke repeatedly of his deep respect for "free enterprise". Nixon sharply criticized the regulatory measures employed by the Democratic Administration. Initially, the new President and his advisers announced that from that time on private initiative and local authorities would shoulder a large measure, if not the bulk of the socio-economic and political problems confronting the country. The noted humorist Art Buchwald remarked caustically that even if the President's home state of California were to slip into the ocean as some said it might, Nixon would call for the full utilization of local and private resources before introducing federal measures.

However, the crisis state of the economy and the bitter antagonisms dividing American society forced the Republican Administration to continue the tradition of active recourse to federal power in dealing with socio-economic problems. It should be noted that even during the 1968 campaign the platform and political vocabulary employed by the Republicans differed markedly from the reactionary individualist slogans brought to bear in 1964. Richard Nixon took power advocating state-monopoly prescriptions in both economic and social policy. He criticized what he called excessive concessions to

the poor on the part of the neo-liberals and assumed that with him in office, government interference in social and economic affairs would be less "corrupting" and more "restrained".

But he soon demonstrated that the Republican neo-conservatives had mastered and adopted what was central to the economic policies promoted by the Democratic neo-liberals, namely, the necessity of energetic stimulation of economic growth. In his first annual Economic Report to Congress (February 1970) Nixon said: "... our economic policy must continue to emphasize a high utilization of the Nation's productive resources". This testified to the growing consensus of neo-liberal and neo-conservative economic views on maintaining a state-monopoly platform. Nixon even announced to journalists in January 1971 that he was a proponent of Keynesianism. This was quite candid, for the President and his economic advisers soon moved to the use of financial measures as the basic stimulus to economic growth. The White House decided to apply the budget deficits to stimulate the economy, although such policy ran counter to the views of orthodox Republican economists and Nixon's repeated public statements.

A Republican and a neo-conservative, Nixon was initially reluctant to make broad use of government controls to restrain inflation. His policy was directed at trying to cool down the overheated productive apparatus, with the intended result of substantially reducing inflation at the cost of some increase in unemployment. During the initial stage of this economic crisis unemployment certainly rose, but inflation was not curbed. Still, Nixon was in no hurry to pass into law the Economic Stabilization Act passed by the Democratic Congress on August 15, 1970. In his Economic Report to Congress of February 1971 the President emphasized: "Free prices and wages are the heart of our economic system.... I do not intend to impose wage and price controls.... Instead I intend to use all the effective and legitimate powers of Government to unleash and strengthen those forces of the free market that hold prices down."

But reality made short work of individualist rhetoric. In



1971, the President's economic advisers paid more attention to the second part of the Economic Stabilization Act entitled the "Cost of Living Stabilization". One paragraph in this section read: "The President is authorized to issue such orders and regulations as he may deem appropriate to stabilize prices, rents, wages, and salaries at levels not less than those prevailing on May 25, 1970." The first time that the White House made use of this statutory authority was in March 1971 when it set up a stabilization commission in the construction industry.

Government levers of control were brought into play in full strength in August 1971. On Sunday evening, August 15, 1971, Nixon announced the promulgation of a "New Economic Policy". It was hoped that the policy would meet three main requirements: rolling back unemployment, reducing inflation, and improving the competitive position of the USA in the world market. Between August 15, 1971, and May 1, 1974, when the term of the modified Economic Stabilization Act adopted in 1970 ended, the New Economic Policy passed through 4 phases.

The first phase encompassed a 90-day period, from the middle of August to the middle of November 1971. The salient feature of government economic policy in this phase was the maintenance of a wage and price freeze. It was the first time in US history that such a radical measure had been adopted in "peacetime" (the US Senate never declared war in Vietnam). The "freeze" and stabilization, as previous experience of similar policies would suggest, were directed primarily against the working class. The class nature of the announced freeze was visible if only in the fact that it did not extend to dividends. The most important aspect of the freeze, naturally, was the prohibition for 90 days of any and all wage increases. But it was during this period that pre-arranged wage increases were to have gone into effect. The President's order was in effect an injunction against strikes, for any fight for wages increases would have been futile. The unions and the Communist Party roundly criticized this policy. A statement by the International Association of Machin-

ists (AFL-CIO) branded Nixon as the "nation's chief strike-breaker".

In order to encourage economic growth Nixon proposed a number of measures to ease taxes on enterprisers and reduce government expenditures, primarily through economies in the federal employee payroll. In the attempt to shore up the US international position gold payments on the dollar were temporarily suspended and an import duty of 10 percent imposed on foreign wares.

From the middle of November 1971 to January 10, 1973, the New Economic Policy passed through its second phase. In substance this amounted to a substitution of wage and price controls for an actual freeze. New regulatory organs were established, joining the already functioning Pay Board and Price Commission. This "more flexible system of wage-price restraints" operated with the participation of the unions. The Price Commission aimed at holding annual price increases to a ceiling of 2.5 percent, while the Pay Board set a maximum of 5.5 percent for wage increases in new labor contracts. Union representatives on the Pay Board voted against this indicator, confident that the hope of restraining inflation was only a pious wish. At the close of the second phase the Cost of Living Council officially admitted: "The threat of inflation, although diminished, remains." It was no coincidence that in March 1972, the majority of union representatives withdrew in protest from the Cost of Living Council.

The third phase began on January 11, 1973, and continued until June 13, 1973. Direct wage-price controls were removed and the Pay Board and Price Commission were dissolved. At the threshold of the third phase the Cost of Living Council announced: "Voluntary behavior consistent with the program standards and the goal of slowing inflation to 2.5 percent or less by the end of 1973 will be expected." To be sure, it warned: "The government retains authority to set mandatory rules controlling future conduct where it appears that voluntary behavior is inconsistent with the goals of the program." But during the first five months of 1973 inflation far exceeded the "plan indicators" set by the government by soaring at an annual rate of 8.2 percent. The Cost of Living

Council admitted that "the forces of inflation had not yet subsided".

President Nixon had little choice but to swallow his preference for "free enterprise" and announce a 60-day price freeze on June, 13, 1973, in order subsequently to introduce a new system of controls. This marked the beginning of the fourth phase, which continued until April 30, 1974, that is, until the expiration of the Economic Stabilization Act. This round against inflation also ended in defeat. The Council of Economic Advisers recognized this, using expressions very rarely employed in official parlance: "Many programs have been launched to stop it—without durable success. Inflation seemed a Hydra-headed monster, growing two heads each time one was cut off."

Recognizing that all measures taken to slow down inflation had failed the President did not propose that Congress extend the term of the Economic Stabilization Act. *Fortune*, the mouthpiece of big business, wrote in March 1974: "Good Riddance to Phase Four!" Still, the editors of *Fortune* did not reject wage-prices controls in principle, for they argued that the source of inflation could be found in "excessive" wage increases. The ruling elite and business are blind to the true causes of inflation and other ills afflicting the present-day US economic structure. These causes are militarization, monopoly dominance in the key economic sectors, an overstrained budget, and a shrunken market brought about by the relative (and to some extent absolute) impoverishment of the masses. As a result, the nearly 3-year long, 4-phase marathon bombastically labelled the New Economic Policy ended up in a blind alley.

The government has been no more successful in dealing with the problems of the aggravated energy crisis. The reason for failure was the same—the orientation of prescribed political solutions in line with monopoly rather than national interests. On November 7, 1973, President Nixon came out with a six-point program designed to combat the immediate harmful effects of the fuel shortage and chart out long-range measures to cope with the energy problem. But these were but palliatives, implying a host of inconveniences on the day-

to-day level for the population and failing to rein in the precipitous surge in fuel prices, which, incidentally, meant windfall profits for a handful of monopolies. Nixon called for the implementation of "Project Independence", that is, achieving self-sufficiency in energy supplies. The two key elements in achieving this program were the stepped-up exploitation of the Appalachian coal beds and the tapping of oil deposits in Alaska in the immediate future. On November 16, 1973, the President signed the law removing legal restrictions to oil drilling in Alaska and to the construction of a pipeline running north-south in the peninsula. A consortium of seven oil companies are to complete in 1977 the construction of this 789-mile pipeline. It is planned that by 1980 the pipeline will carry 2 million barrels of oil a day, a figure amounting to 11 percent of current demand.

The social policies of the Republican Administration mark it much more distinctly as a government of neo-conservatives than does its economic program. As was to be expected, Nixon's cabinet took major steps backward by comparison with the achievements of the neo-liberals under Kennedy-Johnson. Under the pretext of fighting inflation the Nixon Administration slashed social benefit measures, and curtailed or eliminated the anti-poverty, urban renewal, health care, manpower training and aid to ethnic minorities programs. The reduction of government outlays on social needs was accompanied by the promulgation of neo-conservative political prescriptions such as the relative weakening of federal jurisdiction in favor of the states and municipalities, placing accent on drawing private capital in the effort to cope with social problems, the encouragement of yearning for personal success by calls to overcome lack of initiative, "idleness" and the other sins putatively explaining the poverty of the lower strata of society. The promotion of neo-conservative practices was eased by the presence in the Republican Party of a weighty reactionary-individualist faction—the Goldwater campaign of 1964 had not been entirely without results. This faction restrained the activities of the Federal government in the socio-economic spheres and guided them in a reactionary direction.



Side by side with neo-conservatism, reformist (that is, neo-liberal) tendencies could also be detected in government policy at this time. Even more important was the fact that the economic and political crisis as well as the working people's struggle for their social rights made it urgent that the government turn to the policy of social maneuver perfected in state-monopoly practice since the time of the New Deal.

During its first term in office the Nixon government on three occasions increased old-age pensions as well as disability and loss of bread-winner payments. OASDI (Old-Age Survivors and Disability Insurance) payments rose by 45 percent in this interval, while the number of recipients increased to 30 million. This aspect of the social security system was improved through tax hikes bringing the rate to 5.85 percent in 1973 and 6.05 percent in 1975 of wages and salaries and through levies on employers. In 1975 an escalator clause was introduced into the law providing for OASDI payments to compensate for the rising cost of living. This represented a major victory for working people in the continual inflationary situation. On the eve of the off-year 1970 elections Nixon signed into law the Unemployment Security Act, to go into effect on January 1, 1972. The law reformed another aspect of the social security system. According to the 1970 amendments, unemployment benefits were extended to another 4.8 million people. Beginning in 1972 and with certain restrictions the federal government was to assume the burden of unemployment benefits for an additional 13 weeks after state unemployment benefits term expired. The size of benefits was increased. All of this was achieved through a tax hike of bringing the rate to 3.2 percent of the first 4,200 dollars of workers' wages, to be paid exclusively by the employers.

If we exclude wages, the living standard of the American worker and professional employee possessing no stocks, is maintained by two key supplementary sources of income—social security benefits and the various government payments extended to low-income families falling under the category of welfare benefits. Social security benefits and welfare payments have an identical socio-economic function—that of meeting the social obligations increasingly assumed by the

government since the mid-1930s. However, from a legal point of view social security and welfare are fully distinct categories. Those included within the social security system have the legal right to receive benefits and in fact largely replenish the fund for these benefits, which is not included in the government budget. Millions of working people, including farm workers, domestic servants, low-ranking education and health-care personnel (in all roughly 12 million individuals) remain outside the social security system. Moreover, for millions of recipients the benefits are too low and short-termed to meet living expenses.

As a result, the social security system has been supplemented by a comprehensive system of government relief for the poor and needy. This system does not entail any guarantees for the recipients. It is modified in accordance with the views of the particular bourgeois elite in power at any given time and with the changing notion of the socio-political function of government assistance entertained by the party in power. In the 1960s, particularly in the mid-1960s, the Democratic government enacted a number of programs designed to provide various types of material relief for low-income families in response to the demands set forth by the rebellious deprived minorities and fractious student youth.

As the position of the working people deteriorated in the late 1960s in connection with the progressing inflation the idea of a "guaranteed minimum income" gained wide popularity among liberal circles and lower-income groups. The republican neo-conservatives opposed the idea. But, fearing accusations of indifference to the needs of the population, Nixon as early as 1969 proposed that Congress enact a "family assistance plan". This plan provided for government assistance to maintain a minimal income of no less than 1,600 dollars. Since this was substantially below the official "poverty line" (3,600 dollars) the democratically-inclined public denounced Nixon's proposal. The plan also included other aspects unacceptable to the working class, particularly those obliging the needy to consent to stern hiring practices, with refusal entailing the withdrawal of benefits. The plan had numerous opponents on the right, who announced that they

were against spending government money to encourage "idleness". The plan was never enacted, but it showed that even the Republicans could not shrug social problems away, despite their sharp criticism levelled in 1964 and 1968 at Democratic approach to these problems.

Nixon did not succeed in reforming the welfare system as he intended to do in his first term and which was the subject of so much discussion in the American press during the early 1970s. The government was forced to provide assistance within the framework of the principles already established and to limit itself to adding a Republican accent—stressing the role of the state and local authorities, fighting "bureaucratic red tape" and "economizing" resources. While at the close of the Eisenhower presidential term in 1960 the number of recipients of federal and state aid stood at 5.8 million, by 1971 it had reached 26 million. The number of recipients of food stamps climbed particularly rapidly and passed the 12 million mark in 1973. In July 1971, President Nixon signed a special Employment Act providing states and municipalities with \$2,250 million to create jobs for 250 thousand people over a two-year period. Another credit to the Nixon administration was the Occupational Safety and Health Act which upon passage was immediately extended to 60 million employees. In short, the Republicans could not stop the "squandering" of money, for the precarious situation of millions of lower-income Americans and the constant pressure applied to relieve this situation made the doctrines of "rugged individualism" politically unacceptable, and even the Eisenhower variant of Republican neo-conservatism had to be rejected. The social philosophy of the Republicans was modernized in the late 1960s and early 1970s and measures were taken to meet the needs of the population by borrowing convenient weapons from the arsenal of neo-liberalism.

The extraordinary rate of inflation made inevitable the inclusion of escalator clauses in labor contracts to periodically adjust wages to the changing cost of living index. But the bulk of the US work force remains outside the collective bargaining system. For this reason the legally stipulated minimum wage increases constantly sought by workers are of

major significance. But in September 1973, Nixon placed his veto on legislation providing for a higher minimum wage, calling such legislation inflationary. In April 1974 another modification was made in the 1938 law, by which the minimum hourly wage was raised to \$2.30 and another 7 million workers were brought under coverage by the law.

The Republican Administration adopted a harder line than the Democrats in the regulation of labor conflicts. Anti-union tendencies of the National Labor Relations Board became more pronounced after the appointment of Edward B. Miller as its chairman in 1970. The same shift occurred in the Labor Department, which swung from a neo-liberal to a neo-conservative approach to labor problems. To be sure, Nixon tried to apply social therapy and establish contact with the unions by appointing Peter J. Brennan of the New York Construction Workers' Union to the post of Secretary of Labor after the 1972 election. In 1973 the editors of the Department of Labor anniversary book wrote that Brennan "... may turn the philosophy behind Department policy back to the traditional pro-labor orientation". Nothing of the sort happened, however.

At the close of the 1960s repression of the democratic movements was stepped up with a special emphasis placed on efforts to clamp down on Black groups and radical and rebellious youth. This repression took three main forms: the physical extermination of activists, instigating numerous judicial proceedings on fabricated evidence, and launching a "scare campaign" in the press. For example, over 30 Black Panther leaders were murdered in early 1970. Between January 1969 and July 1972 the police and national guard were responsible for the deaths of 230 Blacks. Student demonstrations were fired upon in several instances. As far as "law and order" was concerned the yearly FBI reports showed an inexorable growth in the country's crime rate. In 1968, 13,690 murders were committed in the USA; in 1971 the number rose to 17,630. In less than four years following 1968, 14 million thefts and 2 million violent crimes were registered. Printing these figures in its September 1972 issue, the *New Republic* commented biting on the Republican promises to bring



about "law and order". Central among the proceedings brought against radicals was the Angela Davis case, intended by reactionaries to channel popular dissatisfaction into an anti-communist and racist direction. In addition, a massive scare campaign was launched and during the 1970 elections there were many who recalled the grim days of McCarthyism. One of the most prominent figures in this scare campaign was Vice-President Spiro Agnew.

Within a short space of time nearly half of the justices on the Supreme Court were replaced. The resignations of the liberals Earl Warren and Hugo Black were keenly felt. Now the neo-liberal Warren Court turned into the neo-conservative Berger Court (after the new Chief Justice, Victor Berger). The Supreme Court began to take a less democratic stance in cases connected with political and civil rights and turned to a narrow, conservative interpretation of the Constitution. In so doing it helped the reactionaries in their struggle against social reform. It provided an anti-worker interpretation on a number of labor laws and made several concessions to racists.

The Republican Administration and the right-leaning Supreme Court (and, following its lead, the entire US judicial system) hindered the progress made in the 1960s in eliminating racial discrimination. The Department of Labor, whose staff clung for some time to the neo-liberal tradition, initially tried to ameliorate the situation of Blacks and other discriminated minorities by establishing job quotas. These terms were effective when the employer was fulfilling a contract signed with the federal government. But the quota system was abolished after racists had turned it into farce, management had done its best to sabotage the project and even many liberals turned their backs to it. On March 22, 1972 Nixon signed into law a bill introducing changes in the Civil Rights Act of 1964. Now section 7 of this act, providing for equal employment, was extended to smaller firms, including those with less than 15 employees. The Equal Employment Opportunity Commission was empowered to "bring a civil suit in a federal district court for an injunction and other remedies..." against violators of the law. On the other hand,

school integration has been decelerated under the Republican Administration. The historic 1954 Supreme Court decision is being undermined under the pretext of defending the individual freedoms of American citizens. The full weight of neo-conservatism makes itself felt in this context. The power of government is being used to retain social progress. Opposing the use of bussing to achieve racial balance in the schools, the Republicans in their 1972 platform hastened to congratulate themselves for having "... made unprecedented progress in strengthening minority participation in American business".

During the years of Republican rule the anti-democratic tone of state-monopoly policies has been reinforced. The period has also witnessed a further institutionalization of neo-conservatism as one of the two key socio-economic and political (including the ideological) manifestations of state-monopoly capitalism in the USA. Neo-conservatism is progressing (the word choice is perhaps unfortunate!) in its evolution in contrast with the relatively conflict-free Eisenhower period. This evolution has been urged on by the pressure of the working class and underprivileged minorities, by the permanent state of crisis of American imperialism and by the neo-liberal Democratic majorities holding sway in both Houses of Congress.

## **2. The Party Struggle. The Political Crisis of 1973 and 1974**

When after the 1929-1933 crisis the economic and socio-political development of the USA took the state-monopoly road, both major bourgeois parties assimilated, if to an uneven degree, two important lessons. One consisted of the recognition of the necessity of adjusting to the objective process of socialization of production with the application of centralized government mechanism in order to ward off, as far as possible, a repeat of what happened in 1929 and to accelerate the pace of economic development. The other

was acquiescence in the need both of social maneuver and of resisting the revolutionary democratic demands of the time; it was the recognition of the exigency of dealing with social problems not within the traditional, narrow, individualist framework but on a federal level. Both the first and the second were heavily influenced by the success achieved by world socialism and called for a rejection of the extremes of hidebound individualism dominant in America until the upheaval of 1929.

This affected the ideology and policies of the bourgeois parties. The Democrats made the first step forward by adopting neo-liberalism during the New Deal period. They were followed by the Republicans, whose traditional conservatism was given a face-lift by the events of 1933 to 1945 and turned into neo-conservatism—that is, state-monopoly conservatism, both competing and coexisting with the state-monopoly liberalism of the Democrats. Neo-liberalism always had better drawing power than neo-conservatism. This explains the nearly permanent Democratic majority in Congress ever since the crisis of 1929-1933. Only twice (in 1946 and 1952) was the majority position lost to the Republicans. In the presidential elections the voting record does not always correspond to the actual balance of power for other factors such as personality and individual policies (which may not fully conform with those set down by the party) enter in. To take two examples: in 1952 the Republicans were victorious to a large measure because of the popularity of Eisenhower, while in 1968 the Democrats lost mainly because of popular animosity towards Lyndon Johnson, with whom Humphrey's fortunes were closely connected.

The year 1969 was the first time since 1848 when a new President entered the White House while his party was in the minority in Congress. During the off-year elections of 1970 Nixon went all out to correct the situation and convince the voters to return a Republican Congress. The result was a fiasco. Next the Republicans pinned great hopes on 1972. They had in their favor the brightening economic situation, the favorable results of Nixon's trip to Moscow, the prospects of a forthcoming peace in Vietnam, and a

slackening in the mass protest movement. The Republicans were also heartened by the internal division in the Democratic Party.

The election campaign of 1972 was an unusual event in modern US history. The two-party balance of neo-liberals and neo-conservatives which had evolved on the basis of state-monopoly policies after the 1929-1933 period, was first upset in 1964. At that time the Republicans had pushed too far to the right and their official candidate had stepped down from the platform of state-monopoly centrism into the swamp of ultra-right, reactionary-individualist doctrines and slogans. This time the balance was upset by a deviation to the left from the usual political standards. This deviation was expressed in the adoption of a program of serious social reforms and of a call for an immediate end to the aggressive war in Vietnam. The radical-democratic movement of the late 1960s and early 1970s was reflected in this program. Although by 1972 this movement had substantially ebbed, the political charge it had generated was transferred to the Democratic convention. The political leadership of that forum was temporarily taken over by politicians with an eye on the new forces active in the streets, in the ghettos with the deprived minorities and on university campuses. The weight of these forces increased after the enactment of the Twenty-Sixth Amendment, which extended the right to vote to 25 million young citizens between the age of 18 and 21.

This was the third time in US post-Civil War and post-Reconstruction history when the Democratic Party was able to snuff out radical anti-monopoly protest movements by partially incorporating their slogans into its political program and watering them down into a respectable, middle-of-the-road hodgepodge of ideas and remedies. This had happened during the age of Populism and the New Deal, and now it was happening in 1972, at this moment of profound social crisis for American capitalism. It was as if the Democrats were rehabilitating themselves in the eyes of bourgeois America in atonement for their conduct during



the Civil War and showing how necessary they were for all opponents of serious change.

Senator McGovern, the Democratic nominee, cut a different public figure from the one Americans were accustomed to see representing the major parties. He departed from the state-monopoly platform roughly to the same degree as had the Republican candidate in 1964, but in the opposite direction. McGovern, of course, did not deviate from the essentials of political economy of state-monopoly capitalism. He drew his support from a left bourgeois group calling itself the New Democratic Coalition, whose key theoretical mentor was John Kenneth Galbraith. In his most recent book Galbraith cast a sceptical look at the state-monopoly standards which had evolved over the previous 40 years. He wrote of the existence of both a "market" and a "planning" system in the American economy, including within the first some 12 million small firms marginal to the economic structure and under the second the 1,000 largest corporations. Galbraith's "planning system" is merely what Marxist-Leninist political economists call state-monopoly capitalism. What was new in his book was that he was willing to treat the modern state in a positive light and recognize it as a weapon for progressive reform only "... if it be broken free from the control of the planning system".

The author devotes an entire chapter to demonstrating the need to "emancipate the state". He regards the Republican Party as wholly "an instrument of the planning system". Matters are more complex with the Democratic Party. Galbraith writes that one part of the party "does accept the general principles of service to the planning system", proceeding from the cynical assumption that "electoral success is only possible if the basic purposes of the planning system are accepted". However, continues the author, the other wing of the party has in recent years "... been associating itself with the public as opposed to the planning purpose. Basic needs of the planning system have been attacked. The election in 1972, with its emphasis on reduced defense expenditure, closing of tax loopholes, welfare reform, greater equality in income distribution and stronger measures to

protect the environment and the consumer, involved an unprecedented attack on the purpose of the planning system. It also brought an unprecedented defeat. It is possible, however, that this defeat needs to be appraised in light of the newness of the effort".

It follows that left neo-liberals at the helm of the party have stopped regarding government (as it has evolved) as the savior from all evils. They have become more cautious in advocating the expansion of government functions, for during the 40-year evolution of state-monopoly capitalism the "planning system" has succeeded in twisting public authority to its own private interests. It was no accident that the Democratic platform of 1972 gave less emphasis to state authority than it had at any time since before the New Deal. The neo-liberal left wanted first to "emancipate" the government from the excessive influence of the bureaucratic, militaristic elite, and only then to strengthen the "emancipated" state power. This was not a self-evident conclusion. These left liberals were pushed in that direction by the failure of the much publicized prescriptions for economic growth, whose effectiveness turned out to be both short-lived and relative, by the recognition that narrow economic approach could not solve the majority of the US problems calling for an integrated and radical rather than a piecemeal, traditional approach, and by the radical popular demands to sweep the corridors of power free of the web of dominance by capital, bureaucracy and the military. The deletion of etatism in the Democratic platform should not be credited to trends of "rugged individualism". The emancipation from state-monopoly chains of a military-bureaucratic nature and the interest shown in the individual citizen reflected not the Hoover-Taftian tradition of reactionary individualism but rather the vital democratic individualism of Jefferson and Jackson.

McGovern suffered a crushing defeat in 1972. Just as with Goldwater in 1964, the result was already evident beforehand. The defeat was also facilitated by a few unfortunate incidents, among them the unsuccessful choice of a running-mate and some irresponsible comments by McGov-

ern on a number of domestic and international problems. But the fundamental aspect of the "McGovern phenomenon" condemning it to defeat was the fact that the Democratic candidate deviated from the traditional, centrist, state-monopoly platform. He moved too far to the left. In so doing he attracted the radical and protest forces into the Democratic Party, but at the cost of personal defeat and of severely shaking up the stalwart party machine.

The bulk of the Democratic Party clung to the state-monopoly platform, firmly planted in the center, but with some leaning to the left and only a few stragglers on the right—for that territory had long been inhabited by the Republicans. Once again the Democrats won in the elections to Congress, despite the fact that Richard Nixon won a landslide victory. Within recent history only 4 candidates have won more than 60 percent of the popular vote: Warren Harding in 1920 with 60.3 percent; Franklin D. Roosevelt with 60.8 percent in 1936; Lyndon B. Johnson with 61.6 percent in 1964 and Richard Nixon with more than 60 percent in 1972. In certain aspects Nixon's triumph surpassed that of his predecessors. He swept all but one state—Massachusetts. Neither the Bay State nor the city of Washington (District of Columbia)—whose population is overwhelmingly Black and was repelled by Nixon's "southern strategy"—could vote for the incumbent President.

The passions aroused in the final moments of the campaign had not yet calmed down when the Americans were faced with another campaign—the one which came to be known as Watergate. In the summer of 1972 the headquarters of the Democratic Party, situated in a fashionable hotel called the Watergate, were burglarized by a group intending to install bugging devices most likely in order to learn what the Democrats were talking about in confidence. As it turned out this curious company has been outfitted and given instructions by men in the greatly swollen apparatus serving the White House. Since bugging and other forms of domestic spying have become a routine matter in the USA, at first little attention was given to this episode. But after the elections the political opponents of the Nixon government or-

ganized an energetic campaign which soon spread throughout the country to become one of the most important political upheavals in the annals of American history.

From a strictly legal point of view the situation was as follows: Did the President have prior knowledge of the Watergate operation? Had he obstructed the investigation of the matter? If the answer to either of these questions was in the affirmative, according to the Constitution the President would be subject to impeachment. When the investigation (of this question) began and was immediately taken up by the judicial and legislative branches of government, another thorny question arose: can a President be forced to turn over to the courts or a legislative commission the necessary information in such a case? If so, how was this to be carried out? How far could Presidential privilege and executive secrecy be carried? Should the interests of "national security" as defined by the Chief Executive or the individual rights granted in the Constitution have precedence in determining whether a given document should be made public?

The entire country was drawn into the discussion of these issues in the spring of 1973. It became increasingly clear that the President's entourage was deeply enmeshed in corruption and involved in shady political deals with the monopolies and wealthy individuals for personal gain or to replenish the coffers of the Republican Party. It turned out that many high-placed Presidential advisers and certain cabinet members were involved in these illegal dealings, underhanded affairs and political blackmail. In the summer of 1973 Americans were stunned by the news which had been leaked to the press that Spiro Agnew was under investigation for having accepted bribes. The Justice Department, now headed by Eliot Richardson, had evidence that Agnew had been accepting bribes throughout his political career at various elective posts and until the end of 1972. Faced with the prospect of impeachment and inevitable removal from office followed by criminal proceedings, Agnew resigned in October 1973. Because of his "voluntary" resignation the Federal Court dropped all charges except the lightest, that of tax evasion, and gave him a three-year suspended sentence as



well as fining him 10 thousand dollars. This man, who had been "a heartbeat from the Presidency" and who loved to lecture liberal intellectuals and university professors for not grasping the "interests of state" was now exposed as a criminal and swindler! This undermined the prestige of government in general and the reputation of the President in particular, for it was Nixon who had twice (in 1968 and in 1972) chosen Agnew as his running-mate.

Watergate and the accompanying revelations of corruption and illegality as well as violations of the constitutional civil rights, engendered a widespread campaign to drive Nixon out of office. The campaign was joined by a broad coalition of forces, from the Communist Party of the USA to former conservative allies of Nixon who had decided to desert him in order to preserve their own standing in society. The media and the liberal intellectuals were the most prominent in the effort. In October 1973, the AFL-CIO leadership gave its stamp of approval and began a nationwide campaign for impeachment. The Tenth AFL-CIO Convention unanimously passed a resolution calling for the resignation or impeachment of the President. In November 1973, the Executive Committee began sending across the country and to every member of Congress 500,000 copies of a broadside calling for immediate impeachment and listing a 19-item bill of particulars against Nixon. Secretary of Labor Brennan invited a group of union leaders to visit him and announced that "it wasn't in the interests of the labor movement to pour money and effort into impeachment activities". However, this did not prevent the AFL-CIO leadership from carrying on these fully legal activities, although it should be recalled that in 1972 it had broken tradition by withholding its support from the Democratic candidate and maintaining a neutrality which favored Nixon.

In the evolving situation the traditional inter- and intra-party struggles were severely aggravated and complicated. The Democratic leaders, enjoying a majority in both houses of Congress, seeing that on a number of questions the Republican congressmen were left with no choice but to support them, and taking advantage of the emotional outpour-

ing of disgust with the revelations of Watergate, were now masters of the political situation. They allowed the nomination of Gerald Ford, the House Minority Leader, to the vacated post of Vice-President, subjecting him to a two-month long public examination which he stoically withstood. The Democrats made it known that they could have blocked any nominee, but had not done so, since Nixon had the right to choose the many he needed in the light of his crushing victory of 1972. They made a point of contrasting their "legalism" with Republican "illegality" as revealed in the Watergate affair.

Watergate intensified the factional struggle between Democrats and Republicans and the institutional struggle between Congress and the Executive. In April 1973, the *New Republic* wrote: "It is true, by and large, that Mr. Nixon represents the conservative side of the big social problems and that Congress, by and large, represents the liberal side, or tends to". The ideological and political differences between the parties and the contradictions of an institutional nature between Congress and the President were accentuated by Watergate and virtually brought to a standstill attempts to deal with pressing internal and foreign policy matters: A report of the Executive Council to the Tenth Convention of the AFL-CIO confirmed the existence of a "sharp ideological confrontation between Congress and the Nixon Administration. With Congress refusing to rubber-stamp many regressive legislative measures proposed by the Administration and the President blocking congressional initiative through calculated delays, indiscriminate use of the veto and impoundment of Congressional appropriations, the result has been an inability on the part of government to move forward to meet the critical social and economic needs of the country.

"During the last year this problem took on a new dimension as the Administration, viewing its landslide victory as a mandate for its narrow social and economic policies, intensified its efforts to dominate the legislative branch primarily by undertaking the complete eradication of many labor-backed social programs."

On November 11, 1973, *The New York Times* reported that the President had challenged Congress by vetoing legislation on eight occasions during the year, and each time found his veto upheld. This, in turn, served to intensify the campaign against the President and in support of Congress authority. In December 1973, a conference of specialists in constitutional law held in Santa Barbara, California, proposed the creation of the independent post of counselor general to exert control over presidential activity and restrain the hitherto unbridled expansion of executive powers. In the meantime, Congress passed legislation explicitly limiting the President's prerogative of waging an undeclared war.

Since World War II Congress has passed five resolutions granting the President what amounted to the right to wage a war by allowing him to use the armed forces as he saw fit to "defend" Taiwan and the Pescadore Islands (1955), the Middle East (1957), West Berlin (1962), Latin America (1962) and South-East Asia (1964). The defeat of American imperialist designs and the recognition of the untenability of the presumptions underlying US "global strategy" gave many Americans new insight into the true state of affairs. This new awareness was greatly facilitated by the policy of peaceful coexistence pursued by the Soviet Union and especially by the implementation of the Peace Program put forth by the 24th Congress of the CPSU. On November 7, 1973, the President's ninth veto of the year was overridden by Congress. This spelled the imposition of limitations on the President's right to wage an undeclared war. The substance of this bill can be reduced to three central items: first, the President is obliged to report to Congress within 48 hours after sending American troops into military action abroad or after amassing sizeable troop concentrations in any given country, to explain the reasons for such an action and provide the legal justification; second, the President must bring such action to a halt within 60 days unless Congressional sanction has been given, with the reservation that the President may be granted an extension of 30 days if he can prove it necessary for the withdrawal of troops; third, within this space of 60 to 90 days Congress can at any time compel the

President to withdraw American troops by a corresponding resolution of both houses, which is not subject to veto. To be sure, this law leaves much leeway for reckless policies but it is a guarantee of sorts against a repeat of Korea or another Vietnam.

Watergate, corruption in the top echelons of government, the struggle between the legislative and the executive branches of government combined to create a profound moral, political and constitutional crisis in the US government. Major organs of mass media admitted the existence of a "leadership crisis" particularly evident in the fact that, as *The New York Times* put it in late 1973, "the nation has ... already suffered for some months from having an executive branch immobilized by the lack of Presidential direction". Boston mayor Kevin White called for special elections of both President and Vice-President in 1974, without resorting to the appropriate changes in the US Constitution. The Democratic leaders tried to use Watergate to their own political advantage while simultaneously mitigating the political crisis in the USA. They were not pleased by the prospect of the removal of the President, for it was still a long time until 1976, and Ford, once President, could strengthen his own hand and present a formidable rival in the next Presidential election. What is perhaps more important, the Democrats were fearful for the stability of the constitutional foundations of government and wary of overheating political passions, which could result in the crystallization of radical progressive alternatives to the established socio-economic and political system. The Democrats were willing to let the Watergate proceedings drag on and on and release the brakes only when they were ready for the 1976 election. For the Republicans Watergate was an unmitigated catastrophe, and for this reason many of the leaders rushed to put distance between themselves and the President.

The moral, political and constitutional crisis of 1973 and 1974 was a much more complex matter than the simple clarification of the President's connections with the overzealous burglars who broke into the Watergate. The roots go much deeper and the consequences for the country are much great-



er than the simple determination of the individual fate of this or that politician. The core of the crisis is to be found in the social upheaval which in the second half of the 1960s shook the state-monopoly foundations and imperialist doctrines which had taken shape in the USA after World War II. The authority of government was deeply undermined in the popular eye both under the Democrats in the 1960s and the Republicans in the 1970s, as the elitist and undemocratic nature of their rule was made manifest. The country was in turmoil and the power elite could not devise effective measures to stimulate economic growth or attractive socio-political slogans, not to mention establishing elementary contact with the population at large.

### **3. The Present-time Labor and Democratic Movement**

We should note at the outset that the fashionable theory of the 1950s and 1960s that the working class was "disappearing" to a certain degree lost popularity in the early 1970s. The 1970 census showed that the work force had grown from 53 million in 1940 to 82.9 million at the time of the census, an increase of 56 percent. What is more important, over these thirty years the number of workers *per se*, that is, "wage and salaried workers" more than doubled, this growth being especially manifest in the 1960s. Commenting on these data, *Political Affairs*, the theoretical journal of the Communist Party, wrote: "Clearly, there is no solace to be found for those who wish to wave the disappearing wand at the working class." The last census offered additional confirmation that the number of white-collar, or non-productive, workers is rapidly growing. Between 1950 and 1970 the number of clerical workers doubled, that of professional and technical workers increased by 130 percent. Together with those engaged in the marketing industries these categories of workers comprise two-fifths of the work force. Professional workers should basically be included in the ranks of the working class. Some 89 percent of them work for wages and salaries.

The article in *Political Affairs* continues: "But the facts also show that the outstanding feature of the structure of modern industry is the growth and continued predominance of the blue-collar laborers, who today account for 63 percent of the labor in manufacturing. It is chiefly with regard to the role of this group that Marxists part company with all varieties of opportunists, revisionists and other anti-Marxists." Indeed, anti-Marxists and non-Marxists often point to the reduction in manual labor as proof of the disappearance of blue-collar workers. In doing so they confuse two separate categories, one of which is the technological (manual or mechanized labor) and the other the social (the class or social strata to which these categories of employees belong). The massive reduction in manual labor serves only as evidence of the precipitous advance of technological progress in the context of the scientific and technological revolution. In no way does it imply the disappearance of the industrial workers, whose labor is being changed, but not replaced. Between 1950 and 1970, with the rapid spread of automation the number of machine operatives rose by 2.3 million or 21 percent. The increase was directly proportional to the reduction in manual labor. Referring once again to *Political Affairs*: "How is one to explain the contradiction between this seductive theory of the 'disappearing worker' and the facts? It can be explained by pointing out that proponents of this theory, while playing up the fact that automation attenuates the labor in a given volume of material output, omit to mention that it simultaneously creates a growing demand for labor in capital goods producing industries. Thus between 1950 and 1970 the percentage of workers engaged in manufacturing durable goods increased from 53 to 59 percent. They 'forget' to mention that non-manufacturing industries develop machine operations, boosting both the demand for the labor which produces the machines and the labor which operates them. Thus by 1970 the census listed 2.5 million machine operatives in non-manufacturing industries. They 'forget' to mention that technical progress and automation also invade offices, so that more than half of a million clerical workers are office machine operatives (though still coun-

ted in the clerical occupation). They conveniently forget to mention everything that explains the reasons behind the fact that scientific advance is constantly solidifying the leading role of the core of the proletariat."

The unions and the US working class as a whole encountered major economic and political problems at the close of the 1960s and early 1970s, arising from the crisis, the unrestrained inflation and the shift to the right in the labor policy of the Republican Administration. The economic crisis of 1969 and 1970 palpably worsened the situation of the working class. This contributed to stepped-up strike activity, which had begun to pick up pace in 1967. There were 5,716 strikes in the USA in 1970 involving 3,305,000 workers and the loss of 66 million man-days of work. In terms of number of participants this year was surpassed only by 1945, 1946 and 1952, and in man-days lost—only by 1946 and 1959. As far as the number of strikes *per se* is concerned 1970 set a new record in American history.

Official statistics try to demonstrate that the New Economic Policy introduced in August 1971 helped improve living standards for the workers through increases in real wages. Here are some of the listed figures: between August 1971 and the close of 1972 real weekly earnings rose from an average of 104.60 dollars to 109.40 dollars. Calculated as an annual rate the figure of 3.4 percent far exceeded the 1 percent for the previous year (August 1970 to August 1971). But these computations shed little light on the true burdens shouldered by the workers during the crisis and depression of 1970 and 1971. Official figures, it must be kept in mind, exclude certain of the less privileged categories of workers. The growth of wages in those sectors of the economy where the unions are strong pushed substantially higher the overall average figure, although these sectors employ a far less significant proportion of the work force. These figures ignore the dip in real wages for part of the unorganized labor sector as a result of inflation and rising unemployment. It should also be taken into account that 1972 was a boom year for the economy, and that this, rather than a "pro-labor" policy of "stabilization", permitted labor

bureau statisticians to make their case for the putative 3.4 percent increase in annual wage earnings.

Even government statistics indicate that with the introduction of the New Economic Policy the rate of increase in hourly wages (computed in monetary terms) decelerated. In the interval between August 1970 and August 1971 (inclusive) hourly wages increased by 6.9 percent, while after the imposition of the freeze and wage-price controls the annual rate of increase dipped to 6.3 percent. Again we must point out that American statistics—whether deliberately or not—conceal the difficult situation of millions of unorganized workers and working people in those sectors which are outside the mainstream of the US economy.

The unions were unflagging in their opposition to the socio-economic policies of the Republican Administration. They were consistent in their rejection of one of the central premises underlying the anti-inflationary policy of the Nixon Administration, namely that inflation stemmed from allegedly excessive wage settlements. "Industrial workers and their unions don't cause inflation but are victims by it," observed Leonard Woodcock, the new leader of the UAW after the death in an airplane accident of Walter Reuther in May 1970.

Initially, the conservative AFL-CIO leadership tried to achieve a satisfactory *modus vivendi* with the Republican Administration. Unscrupulously and much to the detriment of the labor movement, Meany and his group officially proclaimed their support of the continuing aggression in South-East Asia, in order to establish amicable relations with the White House. But the Republican Party demonstrated that it was less concerned about the vital interests of the working class than were the Democrats, who had given a voice to the unions ever since the 1930s. In the 1970 off-year elections the majority of workers voted Democratic. Nixon's economic policy was severely criticized at a session of the AFL-CIO Executive in early 1971, and after the introduction of a wage freeze in August 1971 relations between the union leadership and the White House completely deteriorated.



But the AFL-CIO leadership went no further than to criticize the freeze. No mass struggle was organized. The situation was the same as it was following the adoption of the Taft-Hartley Act in 1947 and of other anti-labor measures taken by the ruling elite: militant resistance through massive worker participation was substituted by the bureaucratic formulation of legalistic recipes. A conference of 135 union specialists on labor legislation was convened to work out countermeasures and concluded with a virtual admission of impotence. In March 1972, AFL-CIO representatives resigned in protest from the Pay Board. The union rank and file were shocked to hear that Teamster leader Frank Fitzsimmons decided to remain on the board. Evidently he hoped to strengthen his ties with the White House at the expense of the AFL-CIO. In the context of this sharp deterioration in government-union relations, Nixon held a fifty-minute meeting in the White House in December 1973 with Fitzsimmons, after which the latter announced that the Teamster position relative to the energy crisis would now be given "due consideration".

During the 1972 election the impression was generated that the union elite was again leaning toward Nixon. If there was benefit to be had from this for the Republican candidate, this was only because the AFL-CIO leaders spurned McGovern, asserting that he had fallen in with too radical a company. This certainly did help Nixon. Experts estimated that roughly 50 percent of all union members and workers in general voted for the Republican candidate, while McGovern succeeded in attracting the votes of half of the workers who actually voted. The leaders of the construction unions joined the Teamsters in their turn to the right. In fact, while in the above-mentioned incident we were concerned primarily with Fitzsimmons' personal action, in this case we are talking about a mass phenomenon. In May 1970, incited on by the police and the reactionary media, which heaped praise on the "patriotism" of those calling for a "Peace with Victory", construction workers attacked a peaceful anti-war demonstration on Wall Street, marched up Broadway and then broke into a small college

to rough up the students caught there. A few days later a demonstration of 100,000 construction workers took place, and its leaders called for reprisals against "peaceniks" and critics of the Nixon Administration. Democratic forces in the USA tried to explain to the construction workers that reactionary elements were pushing them in a false direction to fight an enemy that was not there and were deceiving them as to the real reasons underlying the workers' grievances. *The Nation* exposed the falsity of claims that this was a "spontaneous demonstration of patriotism by the blue-collar workers of New York. Nothing could be more untrue. The fact is that these events were organized and promoted—and permitted to happen—in a pattern that contains the classic elements of Hitlerian street tactics". Soon enough the construction workers saw through the dissimulation. Many acknowledged publicly that they had been wrong.

The worsening economic conjuncture in 1973 and the new government attempts to rein in inflation by further inroads on workers' earnings only exacerbated relations between the AFL-CIO leaders and the Nixon Administration. It was no coincidence that the above-mentioned book on the Department of Labor, published in 1973, includes a passage asserting that the position of the Secretary of Labor was "the least enviable in the Cabinet". The report of the Executive Council of the AFL-CIO to the Tenth Convention in October 1973 notes with anxiety: "In mid-1973, the buying power of workers' hourly earnings was less than it had been in October 1972." The report sharply criticized the Republican Administration not only for its economic policies but for its attempt to impose compulsory arbitration and for other infringements upon the collective bargaining system. Reference was made to "increasingly hostile state and lower federal courts" and to the fact that "the Burger Court" (US Supreme Court) had become an anti-labor tribunal. It was explained to the federation membership that "it is unrealistic to expect major legal advances by organized labor within the foreseeable future". It is not difficult to understand the AFL-CIO participation in the drive to impeach Nixon.

Despite the sharp utterances directed personally against

Nixon both during and after the convention no effective political action program was drawn up to fight for the workers' rights and for the democratic reconstruction of American society. The AFL-CIO leadership is not willing to transgress the boundaries of collective bargaining in its plans. It is, of course, fully rational to protect the institution of collective bargaining from sorties by the bourgeoisie and government. But it places too high hopes on day-to-day unionism, believing that collective bargaining "remains—as it has been from its very beginnings—a flexible and adaptable system of union-employer relations that is a key, integral part of a free society".

Bourgeois science and propaganda are persistent in their efforts to convince the workers that collective bargaining can solve all problems confronting the workers, that it is independent of the state power and is an example of a "free" institution. In reality "free collective bargaining" is long a thing of the past in the USA. With the adoption of the Taft-Hartley Act and other labor statutes, with the introduction of a variety of legislative, administrative and court orders, the collective bargaining process turned into a government-regulated institution. The degree of government interference and presence in labor relations is ineluctably growing, so it may be said that "free collective bargaining" is now a part of the folklore of American capitalism.

This means that it is genuinely important to formulate a program of mass political action, for the institutional-bureaucratic method is an ill-fitting tool for solving the key problems confronting the working class. As a result, the entire question turns upon elaborating a revolutionary, class ideology and inculcating it among the workers, as Lenin pointed out in *What Is To Be Done?* more than 70 years ago. The high hopes placed on the Alliance for Labor Action at the turn of the decade were not justified. ALA has virtually ground to a standstill and since 1972 has only very infrequently even caught the eye of the press. Still, the ALA represented a positive step in the labor and democratic movement of the late 1960s and early 1970s, particularly in the organization of the anti-war movement, in elaborat-

ing other democratic tasks and in unionizing white-collar workers.

The political weakness of the US working-class movement allows the ruling elite to turn a deaf ear to many vital questions not subject to decision by the collective bargaining process. On other questions openly anti-labor decisions are administered by fiat. Even the consultative, advisory role of the union leaders in government organizations has been sharply reduced under Republican rule. In April 1974, for example, the government refused to confirm the appointment of Floyd E. Smith, President of the International Association of Machinists and a Vice-President of the AFL-CIO, to the obscure post of member of the Advisory Council on Social Security. Although Smith was the most suitable candidate for this work (being the chairman of the AFL-CIO Permanent Commission on Social Security), he was rejected for his opposition to Nixon in the 1972 election. The Communist George Morris, a prominent specialist on the history and theory of the union movement, had this to say on the issue: "Like all other advisory bodies, the one on Social Security is practically meaningless and is designed to present a class-collaboration image. But the case illustrates how the US labor movement is forced to fight for even such chicken-feed 'power'."

Dissatisfaction is spreading in the labor movement both with the policies promoted by state-monopoly capitalism and with the spineless conduct of the union leaders. There are numerous manifestations of this discontent. The rank and file are with increasing frequency resorting to wildcat strikes and often refuse to ratify the collective agreements signed by the leadership. In a number of instances their hidebound leaders have been rejected in scheduled elections. This has not been without effect. For example, the United Mine Workers has been significantly cleaned up. After the gangster Tony Boyle was removed from the presidency and handed over to the courts for complicity in the murder of rival candidate Joseph Yablonski and family, the leadership of this union—which has such admirable militant traditions—was taken up by Arnold Miller. At a union convention in



December 1973 he called on the workers to fight decisively against the owners and said that he wanted to "be closer to the coal mines". At this convention Albert Fitzgerald, president of the United Electrical, Radio and Machine Workers of America, gave a speech sharply criticizing anti-communism, calling it a weapon of capital which had no place in the labor movement. In recent years many other prominent figures in the union movement have spoken out against the anti-communism, undemocratic views and conservatism of the AFL-CIO leaders.

The anti-monopoly struggle is a pivotal democratic task facing the American people. Monopoly dominance of society has to this day prevented the achievement of full equality for all races and ethnic minorities forming an inseparable part of the American nation. As before, Black Americans are in the most unenviable position. The struggle for civil rights for Blacks is a countrywide concern. Since Reconstruction this struggle has passed through four basic stages, each with its own central task. At first there was the problem of putting an end to lynchings and winning the observance of the constitutional rights of the Blacks in court proceedings. After World War II the country witnessed the beginning of the mass struggle for equal civil rights and to end racial segregation. During the 1950s and 1960s major progress was made in all three of these directions, and at the close of the 1960s the civil rights problem became essentially one of achieving socio-economic equality. This does not mean that the three other tasks have been completed in full. In America today it is not hard to find examples of court abuse, violations of voting rights, factual segregation in the schools (this the most conspicuous), in renting housing, in the practices of cultural, educational, sport and other public organizations, in the services, etc.

But it is more important to note that Blacks, like other minorities suffering discrimination (Chicanos, Puerto Ricans, Filipinos, Japanese, Chinese, American Indians) are the prey of grinding economic exploitation and outrageous economic inequality. No satisfactory solution to this situation has been even seriously considered, although the urgency of the mat-

ter is unquestionable. While in 1970 the income of a family belonging to one of these minorities was only 64 percent that of the average white family, in 1972 the ratio fell to 62 percent. The situation is worst with Blacks. The corresponding figures were 61 percent in 1969 and 59 percent in 1972. When presenting these facts to the October 1973 AFL-CIO convention George Meany predicted that in 1973 and 1974 they would look even worse.

In 1972, Blacks accounted for 11.5 percent of the US work force (or 9.6 million). According to specialists this number will increase to 12 million by 1980. Blacks are a powerful force in the American union movement. Three million of them, roughly one-third of the Black work force, were enrolled in unions in 1972 (total union membership was about 20 million). Blacks are most conspicuous in the UAW, steelworkers and electrical workers unions. Making up 12 percent of AFL-CIO membership, Blacks normally account for less than 2 percent of the delegates to the federation conventions, which suggests the presence of vestiges of racism even in the unions. Nonetheless, we must be cautious of the oft-repeated bourgeois argument that the unions represent one of the biggest nests of racism. Despite all vestiges of the past (implanted and encouraged by the very same bourgeois ideologists and propagandists), a good part of the membership are in the front ranks of the fight for civil and socio-economic equality for the deprived minorities. In this the unions have far surpassed the government, where Blacks make up only 0.4 percent of all elected functionaries. Above we introduced figures comparing Black and white family incomes. According to a report of the AFL-CIO Executive, "where whites and Blacks are in unions the income differentials are extremely narrow, but in the non-union sector, income differentials are substantial. . .".

In the 1970s, changes occurred in the methods adopted by the Black movement. The riots which had rocked the nation's cities during the previous decade now faded away. This happened not only because of the reactionary and repressive policy of "law and order" enforced by the Republican Administration but also through the change of prior-

ities in the goals and tactics. The mass movements of the 1960s played an outstanding historical role in the progress achieved in racial relations. As a method of struggle these mass movements have not retreated into the past, they are simply in a temporary trough. This is also explained by the internal disputes within the major Black organizations of the 1960s, some of which have entirely vanished from the scene. In the current decade a prominent place is being assumed by an organization called PUSH (People United for the Salvation of Humanity) with its center in Chicago. PUSH aims primarily at achieving improvements in the socio-economic situation of Blacks and for the time being is associated primarily with more or less prosperous Black strata, with no firm roots in the Black urban ghettos.

There were between 10 and 14 million Chicanos and 1.5 million Puerto Ricans in the United States in the early 1970s. The Chicanos are concentrated in the Southwestern states, and the Puerto Ricans in New York. The Chicanos work in the mining and steel industries, but they above all are employed as migrant farm workers.

In the early 1960s the epic history of organizing Chicanos in a farm workers' union was begun. The fight was led by Caesar Chavez. Using strikes and boycotts and overcoming the fierce resistance put up by armed gangs of thugs hired by the growers and by local authorities, the United Farm Workers managed to attract a membership of up to 40 thousand workers. The history of this union is a particularly vivid example of the harmful effects of division in the ranks of the union movement in the USA. Caesar Chavez' union became a victim of the conflict between the AFL-CIO and the Teamster Union leadership. In September 1973, Teamster president Fitzsimmons agreed that Chavez' UFW, earlier accepted by the AFL-CIO, would have jurisdiction over the organization of farm hands. This frightened the California growers, who were accustomed to the methods of the Teamster Union leadership, which had long before established a claim over farm workers in the West but had done little or nothing to organize them. Under pressure from the growers, in the midst of the conflict with the AFL-CIO leaders and

out of fear that James Hoffa, recently released from prison, would use the retraction of claims to jurisdiction over the farm workers to reclaim his own position in the Teamsters, Fitzsimmons declared in November 1973 that in fact he had made no agreement with Chavez. This bickering undermined the hold of the United Farm Workers and made its future rather problematic.

In discussions of the Blacks, Chicanos and other underprivileged minority groups in the USA we often run into the term "national minority". We should be careful of unthinking acceptance of this term. All minorities in the USA are united by the fact that they are subjected to cruel discriminatory practices and have evolved a definite feeling of isolation provided by the awakening of self-awareness. However, this does not make of them "national" groupings. Rather they represent racial and ethnic minorities subject to discrimination but forming an inseparable part of the single nation inhabiting the United States of America. The process of formation of the American nation is less complete than corresponding processes in Europe. The minorities subjected to discrimination experience all the negative aspects of the bourgeois way of nation-building. As a whole, they suffer oppression as the "lower" grade, while the proletarian elements comprising the bulk of these minorities bear the double burden of class and racial oppression. Thus, racial-ethnic and class oppression are interwoven in one and the same historical process.

Marked changes have taken place in the 1970s in other aspects of the democratic movement as well. An assessment of the anti-war and youth movement at the present moment must take into consideration the fact that it has played an enormous role in determining the fate of modern America. Thanks to this movement the reinforced foundations of the cold war have been undermined, the aggressive war in Indochina ended, and a blow dealt at the reactionary McCarthyite methods of dealing with socio-political problems. Thus it would be wrong to speak of the decline of the mass democratic movements without mentioning that they led to substantial positive alterations in the country's profile. The



anti-war and youth movement reached a peak between 1968 and 1971 before markedly waning, but this decline should not be mistaken for a total disintegration. During those years ties were strengthened between progressive union forces and democratic organizations representing students and intellectuals.

As a whole students and youth in the USA made a major contribution to ending the war in Vietnam and uncovering the social ills of bourgeois American society. Many young Americans fell victim to the reprisals taken against progressive groups. It suffices to point to the murder by the national guard of 4 students at Kent State University, Ohio, and 2 Black students in Jackson, Mississippi, which occurred within two weeks of May 1970 in the course of anti-war protest actions. In February 1970 the Young Workers Liberation League was formed with the W.E.B. Dubois Clubs, active since 1964, as its core. The radicalization of youth was a source of much anxiety among the power elite. Political aloofness, careerism and amorality were encouraged as the concomitant of repressive measures employed in the fight against radicalism.

Since the mid-1960s the communist movement has been on the upsurge in the United States. At the 19th Convention of the Communist Party in 1969 a new program was adopted in which central place was given to the effort to create an anti-monopoly coalition and organize politically independent actions by the working people. A special section of the program was devoted to relations with other left forces. It stated, in part: "We Communists welcome the new growth of the Left. We welcome its growing challenge to the *status quo*, to the present social system. This is essential for building the movement for socialism."

The Communist Party took an active part in the 1972 elections. The party line was defined at the 20th Convention held in February of that year. During the campaign Communists and other progressive forces won a major victory by forcing the acquittal and release of Angela Davis, a Communist facing court prosecution on a trumped-up charge. One sign of the expanded contacts between the Communists

and the masses is the fact that during the campaign the communist candidates Gus Hall and Jarvis Tyner gained access to wide audiences on radio, television and at public gatherings. The Communists collected 350 thousand signatures in petitions to put their ticket on the ballot and were accordingly represented in the electoral lists in 14 states and the District of Columbia.

In June 1974, the nearly quarter-century long struggle waged by Communists for repeal of the Internal Security Act, adopted in 1950 at Senator McCarran's initiative, was crowned with success. Other barriers constructed by reactionaries during the worst years of the cold war to separate Communists from the masses are now coming down.

The party is devoting considerable attention to democratic tasks. It is actively participating in the movement to win full and equal rights for the oppressed minorities and is helping these groups draw up a theoretically sound program of struggle, without dissolving the race question in the overall problem of class struggle on the one hand, and fighting the dangerous deviations toward separatism and isolationism, on the other. The Communists are combating the notes of pessimism introduced into the movement by some pseudo-radical theorists who argue that until the coming of socialism it is futile to fight for equality. Victor Perlo, the communist economist, wrote in November 1973: "Here, as in other struggles, it is necessary to combat the pessimism of those who say that nothing can change for the better as long as capitalism remains." At the same time Communists underscore the argument that only socialism will bring genuine equal rights for all Americans.

#### **4. Republican Foreign Policy. Soviet-American Relations**

During the first half of the 1970s major changes took place in American foreign policy. These changes reflected the shifts occurring in the global correlation of forces: the strengthened position of world socialism, the growing influ-

ence of the Third World countries, notable modifications in relations between imperialist countries, and the growing impact of the peace movement throughout the world and in the USA. The change of the Administration at Washington coincided with a review of a number of important foreign policy concepts which had guided this leading capitalist country for a quarter century after World War II. The debacle of the imperialist aggressive war in Indochina had a powerful "educational" impact on the US circles responsible for the formation of foreign policy.

The new President announced at the outset of his term in office that the era of confrontation must yield to one of negotiation in relations with the Soviet Union and the entire socialist world. In autumn 1969, negotiations began between the USA and USSR on the non-proliferation of strategic weapons. Such an attitude and such political moves, demonstrating that Washington had mastered the ABC of peaceful coexistence, gained wide support among large segments of the population, ruling circles and political scientists. The anti-war movement of the 1960s and 1970s was one of the cardinal elements leading to a review of postwar foreign policy doctrines.

In Congress the President's point of view on this question found support and understanding from the influential group of Democrats and Republicans who had come together in their long-developed opposition to the aggressive war in Vietnam. This group was led by major figures such as Senators William Fulbright, Mike Mansfield, Edward Kennedy, Charles Percy, Hugh Scott and others. Within the Administration Henry Kissinger, Nixon's adviser on national security affairs and (from the autumn of 1973) Secretary of State, was the most consistent and authoritative voice pushing this approach.

Through the exertions of this bipartisan group the notions and concepts giving form to the understanding of national interests which in the final result guide government policy, now began to change gradually. Here a speech given in October 1973 by the chairman of the Senate Foreign Relations Committee Fulbright was of utmost significance. The

senator said: "There have been in recent American usage at least three separate conceptions of national interest: the ideological, exemplified by the anti-Communist crusade of the cold war; the geopolitical, which treats international relations as an endless struggle for power as an end in itself; and the legal-institutional, an approach which holds that international affairs, like domestic affairs, must be brought under the regulation of law; an approach which gave rise under American leadership to the League of Nations Covenant and the United Nations Charter..." Fulbright threw his personal weight behind the legal-institutional, and continued: "The preference of the Nixon Administration, as I perceive is, has been—at least in the past—strongly geopolitical. Though divergent in concept, these approaches often overlap in practice; I find myself, for instance, in agreement with the Administration on the wisdom of détente with the Soviet Union."

Fulbright stated that the USA "is only just turning away from a long period of unilateralism", during which it had assumed that the fate of the world depended on Uncle Sam alone. He appealed for a gesture of international cooperation, specifically through a rejection of the Pax Americana and respect for the UN principles. Similar views were presented in a wide range of books and articles written by specialists on international relations. Apprehension was expressed that in this rapidly changing world the US government might mistakenly rely on the eroded forces of the old world and ignore the new ideas circulating from country to country. Hans Morgenthau, to take one example, cautioned that "to defend the *status quo* in a revolutionary age is to bet on the losing side. If we want to maintain the power and influence of the United States in the world, we have to side with those to whom the future is likely to belong".

Changing conceptions called for a review of methods and channels for the implementation of US foreign policy, particularly *vis à vis* the socialist world. The practice of constructive negotiations was bound to discredit the vapid dogma of the cold war. The notions of "containment", "retaliation", "flexible reaction"—this superficially varied but inter-



nally sparse and barren ideology—had to be substantially overhauled in the transition to peaceful coexistence. All this is taking place only at the cost of a fierce struggle with the traditional doctrines governing postwar foreign policy practice. Attempts to make a sizeable dent in the military budget have so far made little progress of note. On several occasions Senate leader Mansfield has posed the question of reducing the number of American troops on foreign soil, where about one-fourth of the US war machine is deployed. US forces in Europe alone number 300,000. The efforts by Mansfield and others have been blocked in Congress by forces connected with the military-industrial complex. Thus, the Republican government has brought foreign policy to a juncture when it is faced by a genuine alternative—to continue along the traditional cold war lines with only a face-lifting operation or to encourage and develop the principles of peaceful coexistence which have already taken roots among ruling circles in the USA.

Winding down the Vietnam war was one of the foremost problems facing the Nixon Administration. Initially it took the slippery road of "Vietnamization" of the war. In fact this led to an expansion of the aggression and the result was that now three fronts instead of one were opened in Indochina: in 1970 American troops invaded Cambodia and in 1971—Laos. In December 1971, Nixon renewed the bombing of North Vietnam and the intensity of these bombing raids exceeded all previous aggressive acts against the Democratic Republic of Vietnam. In the spring of 1972, Americans mined the harbors of Hanoi and Haiphong in North Vietnam. Still, the US ruling circles could not break the will of the Vietnamese people, and they were forced to admit publicly that the military solution adopted by US imperialist circles in the early 1960s was a dead-end road. On January 27, 1973, the Agreement on Ending the War and Restoring Peace in Vietnam was signed in Paris. American troops were withdrawn from South Vietnam and the basis for a peaceful settlement in this region was established. The South Vietnamese puppet regime, relying on its American patrons, was preventing a final end to this conflagration in Indochina, and eventually

ended up in a complete military defeat. The country was reunified as the Socialist Republic of Vietnam in 1976.

Concerning the other countries of the American continent this new Administration had little more success than its predecessors in carrying out the "Good Neighbor" policy first suggested by F. Roosevelt back in the 1930s. It remains a pious wish not because of circumstances or individual mistakes, but because of the irreconcilable antagonism between the interests of the liberation movement in Latin America and those of the American monopolies, who maintain a firm grasp over US policy toward Latin America.

In the late 1960s and early 1970s Washington was especially disturbed by developments in the southern part of the continent—in Bolivia, Peru, Chile and Argentina. The US espionage service was highly influential in organizing the overthrow of the progressive regime in Bolivia and in conducting a similar policy toward the revolutionary-democratic regime in Peru. The assumption of power by the Allende government in Chile (1970) met a hostile reaction from the American bourgeoisie and official Washington. The International Telephone and Telegraph Corporation (ITT), the Anaconda and the Kennecott copper corporations and the large banks operating in Latin America immediately began to organize efforts to combat the revolutionary Popular Unity regime. Nixon was not in favor of armed intervention in Chile. Instead the US ruling circles decided to impose an economic blockade combining it with subversive activities by reactionary forces. In the autumn of 1971, the ITT, headed by former CIA director John McCone, worked out a detailed plan to overthrow the Allende government. The US government clearly followed the coup preparations up until the last moment. Afterwards, government spokesmen openly admitted that they had had advance knowledge of the coup and yet made no effort to transmit this knowledge to the Chilean government.

A conference of foreign ministers of the member nations of the Organization of American States held in early 1974 issued a statement protesting against US dominance of inter-American relations and calling for the conduct of an independent foreign policy by each participant in the OAS. The

State Department was forced to admit publicly that the Latin American countries had the right to determine their own position on relations with Cuba. This represented a clear breach in the diplomatic blockade of Cuba foisted by the USA on Canada and Latin America in 1961 and 1962. A recognition of the inevitability of restoring relations with Cuba is gaining ground in the USA itself.

Since World War II the Middle East has always held the spotlight in America's foreign policy concerns. This can be explained both by economic causes stemming from the importance of Middle East oil and the Mediterranean trade routes, and by strategic military considerations. Powerful Zionist circles have long—and notably after the creation of the state of Israel—provided convenient propagandistic arguments supporting energetic imperialist policies in the Middle East. Zionist calls for a “defense of the Jews” gave the ruling circles the semblance of a “humane” cause to justify expansionist designs. Since “expansionist” and “Zionist” very often describes one and the same person and since Zionist dominance of the mass media in the USA has helped generate massive support for the American “mission” in the Middle East—support which has grown in direct proportion to the increasing weight of Middle East oil in the US fuel balance—Washington's Middle East policy has been distinguished by exceptional steadfastness of goals, dynamism and messianism, aimed at consolidating US imperialist positions in this pivotal corner of the globe.

US military, economic and political support for Israel explains why UN Security Council Resolution No. 242 adopted in 1967 has not been enacted. Israel, connected by a multitude of strands with American Zionism, and in effect living off American-provided support, continues to be the main tool of American influence in the Middle East. But since 1973, certain new currents dictated by events both at home and abroad can be detected in American Middle East policy. The key international factor was the collapse of the widely advertised Zionist allegations that Arab countries were incapable of defending their independence. The October 1973 war resulted in major military and political successes for the

Arab states which were set down in the 1974 agreements. The comprehensive aid provided by the socialist countries played a major role in ensuring these gains. A declaration of April 18, 1974, by the Political Advisory Committee of the Warsaw Treaty Member Nations says: “The socialist states taking part in the meeting firmly and inflexibly support the effort of Arab peoples to repel the imperialist policies of aggression and to win a just and lasting peace, to ensure their free development and social and economic progress. The attainment of these important goals of overall social development is inseparably linked with the struggle against those forces that seek to divert the Arab nations from the path of progress and push them back into the position of political and economic dependence on imperialist forces”.

In 1973 and 1974 Zionist slogans and dogmas were subjected to reconsideration within the USA itself. Even before the October war many politicians and experts had doubted the virtues of leaning too heavily on Zionist-originated theories in determining US foreign policy. These doubts arose more from the development of Soviet-American relations than from US Middle East policy. Fervid Zionists were obviously disturbed by progress in these relations and a clear contradiction was exposed between US national interests and Zionist designs. Nixon and Kissinger referred to this gap in the summer of 1973, but the underlying idea was especially clearly formulated by Senator Fulbright, when a few days before the October war he called for a settlement of the Middle East conflict through a binding agreement, duly ratified, between Israel, the Arab states and the United Nations. He suggested that a United Nations guarantee could “be supplemented by an identical bilateral treaty between Israel and the United States—not an executive agreement but a treaty consented by the Senate—under which the United States would guarantee the territory and independence of Israel within its adjusted borders. This supplementary, bilateral arrangement with Israel would obligate the United States to use force if necessary, in accordance with its constitutional processes, to assist Israel against any violation of its borders, which it could not repel



itself, but the agreement would also obligate Israel firmly and unequivocally, never to violate these borders herself".

It would seem that such a proposal should be acceptable to all those who argue that the central goal of US Middle East policy is to ensure the survival of Israel. Nevertheless, Zionists objected to Fulbright's suggestion and launched a mud-slinging campaign against the Senator himself. They had reason to be upset, for Fulbright proposed a solution which stripped the covering of propaganda effort which for decades had concealed the true Zionist expansionist goals in the Middle East. The sharpening of the energy crisis as a result of the recent war in the Middle East dealt another blow to the all-too salient unilateral pro-Israel orientation maintained by the USA. The public began to feel that Zionism has led Middle East policy into a blind alley, that not everything that is good for the Zionists is good for US national interests. This further disturbed the Zionist circles, particularly when some of them decided that the Nixon-Kissinger policies did not fully correspond to traditional Zionist standards.

As a result of all these changes US Middle East policy became more flexible and active. In 1973 and 1974, Washington undertook a series of important diplomatic initiatives to strengthen its hand among the Arab countries. The Nixon-Kissinger undertakings in the Middle East were an important counterweight to the campaign launched against the President in 1973 and 1974.

In Asia, Africa and the Third World as a whole, American neo-colonialism under the Republican Administration has been lent a helping hand by Maoism, which continues to dress up in "revolutionary" guise. Events in the Indian Subcontinent in late 1971 convincingly demonstrated the neo-colonialist nature of US policy, when jointly with Maoist China the USA supported the reactionary-militarist regime in Pakistan in its conflict with India and the fight against the liberation movement in what is now Bangladesh. Maoist China occupies an important place in US foreign policy, since such an approach promises certain long-range prospects for Washington from both an "ideological" and a "geopolitical" perspective. Kissinger has made several visits to Peking. And in

February 1972 President Nixon visited China. For the time being full official relations have not been restored, but so-called "liaisons" have been formed in both capitals to carry out important diplomatic functions.

Capitalist Europe and Japan remain the main economic partners as well as political and military allies of the USA. At the same time they are the basic rivals of the USA in the accelerated internal struggle among the imperialist powers. Major changes have taken place in the economic and political balance of forces in the postwar capitalist world. The US share in the total industrial output of the capitalist world has fallen from 54.6 percent in 1948 to 40.3 percent in 1971, while the original six Common Market powers have increased their combined share from 12.4 to 19 percent. Even more striking are the changes in the export balance and in the state of currency reserves. Between 1948 and 1972 US currency reserves shrunk from 46 percent to 8.5 percent of the total, while the share held by the Big Six in the Common Market rose from 4.9 to 31.1 per cent.

During the 1970s the capitalist world has been rocked by a stubborn monetary crisis. In response to the measures undertaken by the US government in August 1971 as part of the New Economic Policy, America's rivals demanded a devaluation of the dollar. In April 1972 the "stablest" currency in the world was devalued for the first time since 1934. The gold content of the dollar was reduced by 7.89 percent. Less than a year later, in February 1973, Nixon announced another devaluation of the dollar, this time by 10 percent.

With the expansion of the Common Market, "little" Europe has strengthened its competitive position *vis à vis* the USA. But we should keep in mind that each side has a number of important trumps in its hand. The American side is endeavoring to utilize its commanding position in NATO, the might of its monopolies and its higher labor productivity in order to convince its partners-cum-rivals of the superiority of an "Atlantic" over a "European" policy. The European countries are reaping the benefits of the integrated structures evolved in this region over recent decades and of cheaper labor. Europe is also holding certain political trumps, such as the anti-Amer-

ican mood of the European population and the fact that the European governments desisted from the extremes of the cold war much earlier than did the USA. Because of this latter fact the American argument about "defending" Europe from the "Soviet threat" has lost or is rapidly losing its effectiveness, since Washington itself has officially recognized the necessity of constructive relations with the USSR.

On April 23, 1973, Henry Kissinger, acting on the statement by Richard Nixon in February of that year that after the conclusion of peace in Vietnam attention should be devoted to Europe, announced that the "Year of Europe" had begun. Washington's approach was founded on a simultaneous attempt to deal with economic, military and political problems. In May 1973, Kissinger announced that it was unfeasible for the NATO member states to allow the pursuit of regional egotism in economic matters while affirming the doctrine of an integrated defense. But the Common Market countries, while permitting the Americans to "defend" them from a threat whose existence they had long ceased to believe seriously in, were not willing to make concessions to the United States and insisted on dealing separately with the problems of inter-Atlantic military solidarity on the one hand and economic ties on the other.

Kissinger strenuously worked for the adoption of a New Atlantic Charter which, relying on the military and economic superiority of the United States, would consolidate American economic positions in Europe. But the "Year of Europe" turned into a year of exacerbated relations with Europe. The Middle East war uncovered the gulf separating the economic interests of the USA and of the majority of the Common Market countries. In October and November the US Secretary of State made it understood that he was deeply disappointed with West Germany and Britain for what he called a lack of support in the Middle East crisis. US ruling circles long ago ruled out help from France in dealing with this question. The President and the Secretary of State publicly denounced the policies of a number of NATO countries, which in turn caused open irritation in the majority of European capitals. A *Washington Post* correspondent wrote from London in late

November 1973: "The British government is tired of Washington's lectures—especially those from Secretary of State Henry Kissinger—about Europe's misbehavior as an ally."

In 1974, the President and the Secretary of State undertook a number of new initiatives to bring about order in the Atlantic community and to strengthen US political, economic and trade positions in Europe and Japan.

The task of working out an optimal policy for Soviet-American relations has invariably been in the foreground of all foreign policy doctrines, plans, and actions taken or considered by the USA since World War II. This was true during the grim cold war years. Today, when elements of a positive and constructive approach have taken firm roots in Washington's "Soviet policy" it is still valid. If we may speak of new winds in US foreign policy during the 1970s, they are certainly to be found in the field of Soviet-American relations.

It is well known that the USSR has never based its policy toward the USA on the idea of "military superiority". At its own initiative the Soviet Union insistently promoted the principles of peaceful coexistence, but was simultaneously compelled, not at its own initiative, to establish a powerful nuclear defense capacity to ward off possible imperialist attacks. May 1972 will enter the pages of diplomatic history as the time when US ruling circles officially admitted that their claims to "global superiority" with which they had opened the chapter in postwar international relations were in fact unfounded. It is striking that it was President Nixon, formerly a rabid champion of the cold war, who led the USA to this historical advance in Soviet-American relations, to the official recognition of the principles of peaceful coexistence and even to cooperation with the Soviet Union.

At the Moscow talks of May 22-30, 1972, between Nixon and the Soviet leadership, both sides demonstrated a businesslike approach to the problems at hand. The Soviet-American negotiations resulted in the signing of a number of important agreements. They may be divided into two groups: the first and basic one concerns Soviet-American relations, and the second—the general international affairs.



Among those of the first category the most important were the Basic Principles of Mutual Relations Between the Union of Soviet Socialist Republics and the United States of America, the Treaty on the Limitation of Anti-Ballistic Missile Systems, and the Interim Agreement on Certain Measures with Respect to the Limitation of Strategic Offensive Arms.

The Basic Principles of Mutual Relations set forth 12 principles designed to lay the foundations for stable and peaceful relations between the two most powerful states in the modern world. The first point reads in part that the sides "will proceed from the common determination that in the nuclear age there is no alternative to conducting their mutual relations on the basis of peaceful coexistence". The principle of peaceful coexistence, which the Soviet government has championed ever since its establishment, sustained a major victory. For the first time ever the US government officially and specifically announced that it would be guided by this principle in its relations with the Soviet Union. With the signing of this agreement the legal prerequisites were set for establishing ties and cooperation between the USA and USSR in all areas of mutual interest and on a firm and lasting basis.

The Treaty and the Interim Agreement are important primarily because they reduce the threat of nuclear war and clear the way for more substantial progress toward disarmament. They are permeated with a sense of realism and deal a blow to the chauvinistic and militaristic concepts of "nuclear superiority" advanced with no objective foundation by influential military and industrial figures in the USA. The proclamation in these agreements of the principle of equal security excludes the problem of the unilateral superiority of one or the other side, while the inclusion of the principle of mutual trust in such a key and delicate sphere helps practical improvements in Soviet-American relations and in the international situation as a whole.

During the talks other important agreements were signed pointing to fundamental improvements in Soviet-American relations. The parties announced that the objective condi-

tions are present for the expansion of economic ties, and decided to prepare the ground for the signing of a trade agreement. To this end it was decided to institute a joint Soviet-American commission on trade issues. Of particular practical importance is the series of agreements providing for cooperation in science and technology, space exploration, health care, protection of environment, as well as for scientific, educational and cultural exchanges.

While in the Soviet Union the Moscow agreements were received with thorough approval by the entire people, in the United States the reaction was more complex. An absolute majority of Americans greeted these agreements, and the effect was visible in the election of 1972. But fairly influential circles lined up to oppose détente. There were monopolies connected with the production of strategic arms, a good part of the ranking military and the upper bureaucracy, the conservative bigwigs in the AFL-CIO and much of the mass media. Among all these groups the most actively anti-Soviet line was taken by Zionist circles. None of these forces ventured to come out point-blank against détente. Instead they worked for what we might call "détente in cold war style" with unilateral advantages for the USA, or rather for particular groups in American society which they speak for.

Such efforts, as Nixon, Kissinger, Fulbright, Mansfield and many other statesmen pointed out on numerous occasions, ran contrary to America's national interests. Overcoming the resistance put up by the opponents of détente, Nixon and Kissinger in 1973 proceeded to work for a deepening of Soviet-American ties in conformity with the Moscow agreements. The White House and the State Department have worked energetically to bring about Congressional approval of the bill establishing normal trade relations with the Soviet Union.

During the June 1973 visit of L. I. Brezhnev, General Secretary of the CC CPSU, to the USA, new important steps were made in the evolution of Soviet-American relations. Brezhnev and Nixon signed the historic Agreement on the Prevention of Nuclear War. In conformity with this agreement, the Parties "agree that they will act in such a manner

as to prevent the development of situations capable of causing a dangerous exacerbation of their relations, as to avoid military confrontations, and as to exclude the outbreak of nuclear war between them and between either of the Parties and other countries". Agreement was also reached on the overall principles of negotiations on the further reduction of strategic offensive arms, which allowed experts and diplomats to continue the complex work aimed at drawing up agreements in this sphere. Moreover, the June 1973 summit meeting resulted in a number of new agreements in the economic, scientific, technological and cultural spheres.

During this brief interval Soviet-American relations have considerably developed and improved. The volume of trade has grown precipitously: in 1971 it amounted to \$200 million, in 1972 to \$642 million and in 1973 to \$1,500 million. Contacts between scholars, artists and performers have been strengthened, and travel arrangements made considerably more convenient. A further deepening and expansion of Soviet-American business cooperation depends upon the fate of the trade bill in the USA. The enemies of détente, led by Senator Jackson, will consent to the granting of most favored nation status to the USSR (a rudimentary procedure) only on the condition that certain concessions are made by the USSR in the realm of emigration law. Broad segments of the American population have denounced this act of blackmail and interference in the internal affairs of the Soviet Union. Still, by relying on certain Zionist and jingoist circles and acting on purely political motivations, many legislators are willing to back this line and gain a reputation as "fighters for Russian freedom". As one high-placed figure in American government expressed it, the campaign in defense of Soviet Jewry is conducted 95 percent for "internal consumption".

The policy of détente is also being subjected to criticism from certain liberal intellectuals, who have nothing to do with Zionism. Their conduct can be explained by the fact that they do not want to give their political opponent, who happens to be the Republican President, an extra trump in the form of still more successful agreements concluded with

Moscow. Moreover, many liberal Democrats declared that Nixon was out of place in working for détente, that the relaxation of tensions should be a matter for the Democrats. As politicians of Hubert Humphrey's type claim, they could not bring about détente because it was people of the Nixon type who would have accused them of "being soft on communism". The same charge could never have been leveled against the 37th President of the USA, say the Democrats, for it would have been patently absurd. In explaining themselves before the tribunal of society and history, such politicians claim that if they were in the White House détente would have proceeded at a much faster clip.

Whatever the case, Soviet-American relations have been led out of the dead end of the cold war. Serious obstacles must be cleared away both in the USA and internationally before further progress can be made, but the first steps have been taken and broad vistas have been exposed. The tangible progress made in finding a settlement to the Middle East conflict, which would have been impossible in a cold war climate, the obvious benefits for both sides in trade, economic, scientific, technological and cultural ties, the lessening of the danger of a conflict between the USSR and the USA—all these factors play a major role, helping demonstrate the spuriousness of the stance taken by sceptics, serving to isolate the most fervid enemies of détente and strengthening the great principles of peaceful coexistence.



## 5. The United States Under the Administration of Gerald Ford

On August 9, 1974, Richard Nixon announced his resignation. It was the first time in the history of the United States that a president resigned. The political situation was made even more extraordinary by the fact that Vice-President Gerald Ford, who now became the 38th President, had not been elected to the vice-presidency but had been appointed to that office after the resignation of Spiro Agnew. The man Mr. Ford nominated as his successor to the vice-presidency was former governor of New York and multi-millionaire, Nelson Rockefeller. After a long and thorough investigation of the vice-president-designate's political conduct and financial affairs, both Houses of Congress approved the nomination, and Nelson Rockefeller became the 41st Vice-President of the United States.

For a quarter century President Ford had been a member of the House of Representatives from the state of Michigan, and from 1965, the leader of its Republican minority. In terms of his socio-economic and political views and actions he belongs to the neo-conservative direction in which the Republican Party has moved since World War II. As a congressman, he stood somewhat to the right of the Republican presidential center on financial questions, labor and social legislation and civil rights issues. But noblesse oblige, and, as in the case of Dwight D. Eisenhower, the transition to the more responsible job demanded a broadening of social outlook. It was no accident that William F. Buckley, the main ideologue of the reactionary direction in current US political life, was soon to write an article in which he asserted that Richard Nixon had betrayed the hopes of the "conservatives" (this is what the reactionaries call themselves) and called on his many supporters "to press on Mr. Ford the relevance of the conservative vision".

The new President inherited an onerous economic legacy: fast-growing inflation and, as it soon became clear, a substantial slump in production that reached the dimensions of economic crisis. At first, the Ford Administration focussed

mainly on attempts to curb inflation, which was officially declared to be the nation's "public enemy No. 1". In his first speech to Congress the President proposed as the main anti-inflation actions to cut back on government spending and, in the immediate future, to balance the budget, reactivate the Cost of Living Council and convene a national conference to devise an action plan to fight inflation. He made no secret of his intention to balance the budget by cutbacks in social, rather than military, spending.

To monitor rises in wages and prices, Congress and the President created a special agency, called the Council on Wage and Price Stability. It did not, however, have power to impose controls.

In determining the socio-political course of the Ford Administration great importance was attached to a conference composed of representatives of business, labor, the academic world and government agencies which was held on September 27 and 28, 1974, under the chairmanship of the President. At this forum, leading Democrats and economists who favor expanding the government's role in the economic sphere and deeper-going social reform subjected the Nixon-Ford socio-economic policy to sharp criticism. Senator Mike Mansfield proposed a nine-point program which, among other things, envisaged mandatory controls over the shifts in major economic indices, higher taxes on superprofits, and steps to reduce unemployment.

During the conference, President Ford laid special emphasis on the need for economizing on government spending, as urged by his chief economic advisers, Secretary of the Treasury William Simon and chairman of the President's Council of Economic Advisers Alan Greenspan. After the conference, the President created a New Economic Board to coordinate all of the government's economic efforts. William Simon was named chairman of the new board. Created at the same time was a Labor-Management Committee, under the chairmanship of Prof. John Dunlop, who had headed the government's Cost of Living Council under Richard Nixon, and was to be named US Secretary of Labor in 1975. This committee, Mr. Ford said, would help assure "effective" collective bargain-

ing between management and labor and "promote sound wage and price policies". In other words, it would be an agency in the struggle against strikes and the "inflationary" economic demands made by labor.

All of these neo-conservative precepts came to underlie the President's October 8, 1974, message to Congress, which contained a long list of proposals for combating inflation.

It appeared that the White House had embarked on a long road of energetic anti-inflationary actions. However, the government was gradually coming to the conclusion that inflation was being accelerated not so much by a growing demand for certain goods, raw materials and services as by shortages in these things. Compared with 1969-1970, when an interweaving of inflation and overproduction showed for the first time, in 1974-1975 the US economy was experiencing another profound contradiction on top of that one: a combination of a comparative crisis of overproduction and shortages in energy resources, agricultural products and many types of raw material.

In September and October 1974, official US circles concentrated mainly on measures to fight inflation. But in the meantime, the slump in production increased: the sixth economic crisis in the postwar history of the United States began in 1974 and continued on into 1975.

A report submitted by the Council of Economic Advisers to the President on January 31, 1975, stated that the year just passed was one of inflation and recession. In current prices, the gross national product had increased 7.9 percent over 1973, but in constant prices, that is, without taking the factor of inflation into account, it had fallen 2.2 percent. Consumer prices, according to the most modest estimates, had risen 11 percent in 1974. Unemployment in December 1974 was 7.2 percent of the labor force, the highest level since 1958. The army of unemployed numbered 6.5 million.

The statistics on the American economy for the first quarter of 1975 indicated that the crisis was deepening. The annual gross national product had declined 11.3 percent during the January-March period, representing the greatest drop since 1947 when it was connected with the postwar

reconversion of the economy. The unemployment rate in April 1975 climbed to 8.9 percent, the highest since 1941.

The position of the working class, which had worsened even in 1973 when real GNP had risen 5.9 percent, was now deteriorating even more under the impact of inflation coupled with sharply rising unemployment. The real weekly wages of workers in the private sector had dropped 1.4 percent in 1973, that is, more noticeably than during the previous crises (0.6 percent in 1958, 0.1 percent in 1960, and 1.2 percent in 1970). Naturally, with both inflation and crisis operating simultaneously, the absolute and relative impoverishment of the working class intensified in 1974. The report of the Council of Economic Advisers pointed out that wage rates in the private sector (agriculture not included) had risen 8 percent, but this gain was substantially less than the rise in consumer prices. Between April 1974 and April 1975, real incomes of working people fell 4.1 percent. The ethnic minorities and young people were particularly hard hit. By the beginning of 1975 unemployment had reached 13.4 percent among the non-white population, and 20.8 percent of the nation's teenagers were without jobs. The situation in the Black ghettos of many cities reached catastrophic proportions, with 60 to 70 percent of the youth there being unable to find any kind of work.

Thus, the crisis assumed the shape of a three-headed hydra: overproduction side by side with underproduction and inflation. But even so, the profits of the monopolies continued to grow, climbing to \$141 billion (before taxes) in 1974, as compared with \$123 billion in 1973.

By the end of the year, and especially during the political lull that comes with the Christmas recess, the President and his advisers and experts were compelled, in view of the economic crisis and rising unemployment, to undertake a re-examination of the socio-economic course mapped out in September and October, in which the main emphasis had been put on combating inflation. They were prompted to do this not only by socio-economic considerations but also by important considerations of party politics. The elections in November 1974, when the entire House of Representatives,



one-third of the Senate and 35 state governors were up for election, had brought the Democrats big gains. They won 291 seats in the House of Representatives, to the Republicans' 144 (as compared with the previous ratio of 248:187), and strengthened their positions in the Senate as well. The Republicans suffered substantial losses in the gubernatorial ranks and the Democrats now headed the administrations of 36 states (as compared with 32 before the elections). The Republican losses were especially hard felt in view of the fact that they lost the two biggest states to the Democrats—California and New York.

The Republican defeat cannot be ascribed solely to the fact that a presidential party usually suffers setbacks in mid-term elections. Nor is everything by any means explained by the consequences of Watergate, although four out of the five Republicans who had voted against Richard Nixon's impeachment in the House Judiciary Committee did lose their congressional seats. Very important factors shaping voter opinion were the deepening crisis, soaring inflation, and the conservative, pro-monopoly program for coping with the situation that the Republican President had proposed. Most voters took a negative attitude to the lack of attention to the vital interests of millions of unemployed, the recipes for cut-backs in government spending at a time when increasing numbers of people needed government aid, and the formulas for a "balanced budget" and high interest rates that would only hold back the already treading economic machine. Not accidentally, unions gave the Democrats rather strong backing, unlike the situation in 1972. The traditional coalition which was formed in the days of Franklin D. Roosevelt and constituted the social prop of Democratic party candidates was once again gathering strength.

On December 6 to 8, 1974, the Democrats held a national convention to discuss policy questions in order to oppose the President's October economic program with their own alternative. This was the first time in the history of the main bourgeois parties that a party convention was held outside a presidential election year. The move was prompted by the deepening economic crisis, the Democratic Party's tradition-

ally closer link with the masses than that of the Republicans', and its status as the majority party, which obliges it not only to criticize, but to formulate and implement definite positive decisions. The economic program, in the drawing up of which Keynesian economists played a prominent role, was somewhat to the left of Republican conservatism. The Democratic convention advocated a tax reform to reduce taxes for lower-income families and increase them for the higher-income sections, an increase in appropriations for social needs in connection with the growth of unemployment, and more effective price and wage controls.

Unemployment increasingly became social and economic problem No. 1 for the leadership of both parties. As early as November, White House proposals to Congress on ways to overcome the economic difficulties included measures for fighting unemployment. In December, President Ford signed two laws designed to provide relief to the unemployed. One was the Emergency Unemployment Compensation Act, providing for the payment of unemployment benefits for an additional 13 weeks, bringing the total duration of benefits to 52 weeks. This provision was to come into effect whenever a given state's share of insured unemployed rose an average of 4 percent or more above the average level of benefit recipients during the preceding 13 weeks. These emergency benefits, planned for 1975 and 1976, are funded wholly from federal grants to the states. The measure is part of the existing social security system and automatically extends to all unemployed who are covered by unemployment insurance legislation. These emergency measures are not financed from an autonomous non-budget fund, a fact that underscores the flaws and limitations of the social insurance structure in the United States. The other law, the Emergency Jobs and Unemployment Assistance Act, is designed to help those categories of working people who are not covered by the unemployment insurance system. It provides for the payment of benefits for not more than 26 weeks. Operating here are principles of bourgeois-state philanthropy. Since, unlike those covered by social insurance, this category of citizens do not have legally recognized property rights, a degrading procedure of proving

and checking need comes into play. Congress and the Administration also undertook several measures to help the unemployed by creating public-service jobs.

At the very end of 1974 and in the first days of 1975, important changes were made in the Ford Administration's socio-economic course. Preparing for the opening of the new Congress and a series of traditional presidential messages, the White House abandoned its widely-advertised 31-point WIN program (Whip Inflation Now), which it had come out with in early October 1974. The crux of the changes amounted to a shift in accent from the fight against inflation to anti-crisis measures and the struggle against growing unemployment. Ronald Nessen, the White House Press Secretary, had already announced the coming changes prior to the New Year. What President Ford's economic advisers now regarded as of primary importance was not to raise taxes as a means of combating inflation, but to lower them to stimulate production and employment growth. Government circles were preparing public opinion for the change. Their explanation was that "the economic situation has changed". In December, the President nonetheless said that he would not make a "180-degree turn" in economic policy and would not take any drastic measures to stimulate the economy. But in early January 1975, the press was already reporting that the President had prepared "a new economic program considerably different from the conservative, hands-off policies he offered to the nation just three months ago".

In three messages to Congress—the State of the Union Message (January 15), the Budget Message (February 3) and his Economic Report (February 4), preceded by a direct address to the nation (January 13, 1975) on economic and energy questions, timed to come just before the opening of the first session of the 94th Congress—President Ford quite definitely put the economic crisis into first place. The President's economic report, which by tradition introduces a lengthy annual analysis submitted by his Council of Economic Advisers, began as follows: "The economy is in a severe recession. Unemployment is too high and will rise higher." The report continued: "We therefore confront three problems: the im-

mediate problem of recession and unemployment, the continuing problem of inflation, and the newer problem of reducing America's vulnerability to oil embargoes."

To combat the recession and stop the growth of unemployment, Mr. Ford proposed an immediate \$16 billion tax reduction in the form of a \$12 billion refund to taxpayers on their 1974 federal income tax, and a \$4 billion tax credit to businessmen and farmers to encourage new investment. This alone, to say nothing of the huge military expenditures, nullified all of the promises made in the autumn of 1974 about balancing the budget. Efforts to surmount the energy difficulties created an even bigger budget deficit. A prime place in White House programs was given to the development of energy technology and the creation of energy resources. With this aim, the Atomic Industry Department was reorganized in January 1975, and the Atomic Energy Commission was abolished and replaced by two new agencies: the Energy Research and Development Administration and the Nuclear Regulatory Commission. The American press noted the damage that had been done to the development of the nuclear industry by the cold war situation with its necessary component of super-secrecy in research and development.

Nor had the government neglected measures to economize on energy resources. Differences between Republicans and Democrats arose on this question, as on many others. The Republicans advocated using the price levers (primarily in the form of surtax on imported oil), while the Democrats were for putting quotas on fuel consumption through a stringent rationing system.

The budget for the 1976 fiscal year, beginning July 1, 1975, turned out to be the biggest and with the biggest deficit in US history. The federal spending target was set at \$367 billion, and the deficit at \$68.8 billion. During the budget debate, Congress, through the efforts of the Democrats, modified Ford's budget, allocating more money for social needs.

Though forced to put the recession and energy problems into first place, the White House and Capitol Hill continue to devote much attention to measures for curbing inflation. Democratic leaders in Congress propose stronger federal



controls over the basic economic indices, but Mr. Ford and his advisers prefer cutting back social spending or at least retaining it at the present level, yet generously opening up the federal treasury to the Pentagon. In his economic report, the President said that he was not proposing "new expenditure programs except those required by the energy program". In actual fact, the White House of course departed from this "resolute" stance; under the impact of the economic crisis and public demands, and at the initiative of liberal Democrats in Congress, more was spent on social needs than the President's conservative entourage would have wanted.

After the President's State of the Union message *The New York Times* commented: "For some who had been close to Mr. Ford over the years, the break from his ideological moorings was not surprising. Keynesian economics is no longer a novel idea, even among Republican conservatives."

The Republicans are somewhat distinguished from the Democrats both by a greater restraint in using means of government economic regulation and a lesser inclination toward federal spending on social needs. These differences between the parties, and between the Ford Administration and the majority in Congress, can be clearly traced when the President's messages and the actions on Capitol Hill are analysed. The Council of Economic Advisers report acknowledged the need for government regulation of the economy, but at the same time called for its "re-examination". Analysing the experience in price and wage controls in 1971-1974, the authors of the report refrained from making categorical appraisals and came up with "an inconclusive judgment", the essence of which, however, amounted to a rejection of the practice of direct controls. The Democratic leaders, on the contrary, favor such controls. In a speech in Philadelphia on May 18, 1975, Ford said that the United States was undergoing "rough times", but proposed that the nation surmount them by adhering to the principles proclaimed by the American Revolution. On that same day, Senate majority leader Mike Mansfield called for a different solution, namely, stronger government economic controls. The

clash over social problems between the conservative principles of the Republican Administration and the liberal views of the Democratic majority in Congress manifested itself again, for example, when at the end of May the President vetoed a congressional bill that would have provided \$5,3 billion for an emergency program to combat unemployment.

It is increasingly difficult nowadays to manage the US economy without constantly expanding state-monopoly recipes and without the further and more active state incorporation of all socio-economic processes. The economic and socio-political foundations of the United States are increasingly unstable. Since the second half of the 1960s, the United States has been in a state of permanent crisis. The general crisis of American capitalism is deepening and manifests itself in a multitude of new ways. But now, even though already traditional, the state-monopoly principles of solving economic and social problems do not always work, and often fail to justify the hopes of the creators of the doctrines of "people's capitalism", "the state of universal prosperity" and the "industrial" and "post-industrial" society. "Apparently," writes the Soviet economist A. Anikin, "in present conditions, state-monopoly regulation of the economy is going through a specific period of restructuring and reorganization. In a certain sense the present period can turn out to be similar to that of the 1930s, when the present forms of state-monopoly capitalism took shape under the conditions of a world economic crisis."

Among the important internal political phenomena in the United States during the Ford Administration mention should be made of the following: the continued conflict between the executive and legislative branches of the government, with the latter somewhat strengthening its positions; the growth of public mistrust in the government institutions, especially in those which, by invoking the "specific nature" and extreme "importance" of their activities, had for a long time perpetrated arbitrariness and lawlessness with impunity; the demand to reform and democratize the mechanism of the political parties and to expand the channels of public

influence on the policies of the parties and the government bodies.

The Watergate affair, being a reflection of serious political crisis in the United States, engendered a more critical attitude among Americans to those political dogmas which had taken shape and prevailed during the cold war. The bourgeois press and other mass media, for decades having extolled the "advantages" of life in the "free world" as compared with the system behind the "iron curtain" it had invented, now found itself forced to report violations of the personal freedoms of American citizens. On December 22, 1974, *The New York Times* published extensive materials testifying to the fact that the Central Intelligence Agency had conducted a major domestic intelligence operation against participants in the anti-war movement. It was disclosed that the CIA maintained intelligence files on at least 10,000 Americans who had spoken out for an end to the imperialist aggression in Indochina.

Soon it was even more convincingly confirmed that domestic espionage was a system, a standard policy of the ruling circles. Liberal critics of Richard Nixon were forced to concede the bipartisan character of this violation of civil rights and liberties, for this kind of surveillance and espionage had also flourished during the "golden age" of American neo-liberalism—in the first half of the 1960s, when the neo-liberals were in power. The CIA and FBI spied not only on those who took part in the anti-war movement, but on participants of all protest movements against social and racial injustice. Richard M. Helms, the then CIA Director, testified that this was "necessary" in view of the "upsurge of extreme radicalism in this country and abroad" in the late 1950s and early 1960s. Neither Helms nor his successor as CIA Director William E. Colby denied that their organization was engaged in domestic espionage. Some high CIA officials immediately resigned.

Liberals were compelled to admit that an even greater offence than the Watergate break-in (allegedly the sole reason why Nixon lost the presidency) had been committed under the Democrats. The leaders of both parties tried as

quickly as possible to steer the stream of exposures into a safer channel. Ford appointed Vice-President Rockefeller to head a presidential commission to investigate the CIA's activities. In Congress, four committees set about doing the same thing. The goal of these efforts was to put out the fire, to soften public indignation and to assure Americans that there was nothing terrible in the activities of the CIA and FBI.

The elections to the Ninety-Fourth Congress had introduced a certain newness into the political life of the United States. Several dozen new congressmen came to Capitol Hill. Thanks to their activity, certain changes took place in the leadership of some important committees in the House of Representatives. For example, the chairmen of the Banking Committee, the Armed Services Committee and the Agriculture Committee were ousted. Al Ulman became the new chairman of the House Ways and Means Committee after former chairman Wilbur Mills, whose immoral behavior had become the subject of wide publicity, resigned.

During the first days of the new Congress, the notorious House Un-American Activities Committee (HUAC)—that legislative double of the CIA and FBI which in recent years went under the name of the House Internal Security Committee—was abolished, its functions going over to the House Judiciary Committee, where liberals set the tone. All of the Republicans (and 143 out of the 144 were present) voted against this change, but 247 Democrats upheld it. By way of comparison, it might be pointed out that when a proposal to abolish the HUAC was first made in 1961, it gathered only 6 votes. In a "farewell" article devoted to the abolition of this weapon of anti-communist hysteria, McCarthyism and cold war, *The New York Times*, without the slightest regret and, on the contrary, with a sense of relief, said that "the spirit of the times, which gave the committee its hours of glory, has killed it".

Endeavoring to adapt to the spirit of the times, the Democratic leadership, at the above-mentioned convention in December 1974, undertook a number of measures, to democratize the party by opening up certain opportunities for



representatives of minority groups, women and youth to participate in drawing up programs and in the selection of candidates for various positions. For the first time in its history, the party adopted a charter. Its twelve sections contain certain innovations which democratize party procedures. In particular, it stipulates that all party meetings are to be open, and bans secret voting. This has positive meaning for US bourgeois party practices, for the new procedure somewhat limits the chances for political machinations by party machine bosses, who are wont to manipulate the votes of the rank and file and party convention delegates as they see fit. However, labor representatives at the Democratic convention failed in their attempt to win greater influence for the labor unions in the party ranks and an extension of the rights as its constituent organization.

The economic crisis and inflation gave an impetus to the strike movement. A record number of 5,900 strikes were registered in 1974, in which a total of 2.7 million workers had taken part. Predominant were demands for higher wages and for incorporating in contracts the cost-of-living "escalation clauses" which in early 1975 covered only 5.3 million workers.

Outstanding among the recent strikes was the general strike of 120,000 miners, which lasted from November 12 to December 5, 1974. It was a long and hard struggle, but thanks to the unity of action and the firmness and democratic character of the strike leaders and the trade union, headed by Arnold Miller, the miners scored important successes. They won a substantial wage increase and, no less important, provisions for automatic cost-of-living escalation of wages. The new contract provides for bigger pensions, paid sick leave (for the first time in the history of the coal industry) and labor protection measures. The outcome of the strike is particularly significant in view of the fact that it was a victory both over the monopolies and over the former undemocratic practices within the union itself. In ratifying the contract, the majority of the miners supported Arnold Miller despite the intrigues of the supporters of Tony Boyle, the deposed leader of the union.

In their struggle against unemployment, the working class and all working people in the United States also use the vehicle of mass protest demonstrations. On April 26, 1975, 75,000 people took part in a "Rally For Jobs Now" in Washington. The nation had not seen such a powerful political demonstration against unemployment since the 1930s. Some prominent union leaders took part in it, defying George Meany's frown.

The racist ideology and practices continued to make the problem of unemployment especially hard for the non-whites. On January 15, 1975, Martin Luther King's birthday, Blacks and whites together held demonstrations in a number of cities demanding an end to discrimination in hiring and all other spheres.

In 1972, Congress passed the 27th Amendment to the US Constitution, guaranteeing equal rights for women. Since then, thirty-four states ratified it, but two of those states subsequently rescinded their actions, prolonging this political campaign even more.

Nor has progressive America stopped its fight against the arms race and militarism. In response to the decision of the House of Representatives to appropriate \$32 billion for new armaments programs proposed by the Pentagon, the leaders of eight major trade unions (auto, textile, miners and others) signed a joint appeal to all members of the House urging that they set a ceiling on military appropriations. A leader of the textile workers union said that if the President and Congress continued to ignore demands for increased social spending, new demonstrations would be inevitable, and not such peaceful ones as the rally on April 26, 1975.

In 1974 and 1975 the United States was going through the deepest economic crisis since the 1930s, one which, for the first time in the history of postwar imperialism, was worldwide. The Communists have flatly rejected the slogans calling for "national unity" under the leadership of the new Administration which were advanced in certain quarters in August 1974 and found support among the conservative leadership of the AFL-CIO. The party explained how particularly harmful this agitation was under conditions of

recession and inflation. A plenary session of the CP USA Central Committee in December 1974 considered questions relating to the organization of the working people's struggle against the monopolies and the bourgeois state at the present stage. A national conference of Party activists was held in late February 1975, at which General Secretary Gus Hall gave a report on the nation's economic situation and the tasks of Communists. He pointed to the need for strengthening the class unity of the proletariat and above all for a strong alliance between white and Black working people. Among the priority tasks he named were those of mobilising the masses for the struggle against unemployment and creating a broad anti-monopoly movement.

The change in chief executives did not lead to any substantial changes in US foreign policy. But the dynamism of present-day international relations continually sets before Washington new and exceedingly difficult problems, whose solution, moreover, is complicated by the country's internal political struggle.

In the US relations with capitalist Europe and Japan, the factor of financial strife and the struggle for raw material sources has increased in importance in the last two years. In his State of the Union message, President Ford noted that the present economic difficulties were global in character, that in the capitalist economy the "international system is now in jeopardy". Along with the economic contradictions, political problems are also becoming acute, and all this taken together poses a threat to the structure of the military-political blocs of modern imperialism as such.

This manifested itself in full measure at a session of the NATO Council at the end of May 1975, where the member-countries were represented by heads of state and government. The Pentagon and the State Department were especially concerned about NATO's southern flank—from France and Portugal to Greece and Turkey. A campaign of insinuations about a "communist threat" in the south of Europe was stirred up by the press. "Communists have made gains in Italy, Greece and, most significantly, in Portugal, a strategically vital NATO ally," said the *Time* magazine

not long before the bloc session. At the Brussels meeting Ford insisted on a further build-up in the military strength of this main imperialist bloc. It was not the first time a call of this kind was made, but such urgings have long failed to evoke enthusiasm among the European allies of the United States. Ford advanced a plan that would virtually include Spain in NATO. As before, the idea met with the resistance of a number of the bloc members, notably Britain.

Relations with Latin America, which have never corresponded to the much publicized "good neighbor" thesis, were marred by a trade bill that was passed by US Congress in December 1974. It contains discriminatory provisions for stringent restrictions on imports from the OPEC member-states and other developing countries that dare to nationalize or expropriate the property of American corporations. This hit the interests of oil-exporting Venezuela and Ecuador most of all, but Washington's traditional "big stick" was raised over all of Latin America and most of the Third World countries.

As a sign of protest, the government of Argentina put off a meeting of foreign ministers of American states, scheduled for March 1975. This step was taken after consultations with the governments of other Latin American countries and met with general approval on the continent. The foreign ministers' conference was held in Washington in May, at which time Henry Kissinger assured the Latin American ministers that despite the defeat in Indochina, the United States would stand by its "friends and commitments". At the fifth General Assembly of the Organisation of American States, held in the second half of May 1975 in Washington, the US representative had to promise that the Administration would urge Congress to rescind the trade-act provisions discriminating against Latin American countries. The General Assembly devoted much attention to the question of re-examining the OAS charter so as to open up the possibility of lifting the economic and political blockade of Cuba. Washington succeeded in postponing the decision on a report of the Human Rights Commission which exposed the brutalities committed by the Chilean junta, but the facts



themselves, documented in the Commission's report, could not be hushed up. Faced with a united front of Latin American states, the US government was compelled to promise a re-examination of its relations with Panama, specifically, with respect to the Panama Canal.

In the spring of 1975, the imperialist intervention in Indochina, which, as President Ford noted, had been conducted under five presidents and seven Congresses, ended in complete failure. The peoples of Vietnam, Cambodia and Laos defeated the American interventionists and their henchmen. After losing over 50,000 dead in the course of the imperialist aggression against the Vietnamese people and sinking more than \$150 billion into this adventure, the United States suffered a defeat that was inevitable under present-day international conditions, when the forces of socialism and the national-liberation movement are capable of thwarting any aggressive designs of imperialism.

On the eve of the defeat of the American puppets in South Vietnam, President Ford made a last-ditch attempt to mobilize public opinion and the nation's military-economic resources to save the already hopelessly lost cause. On April 10, 1975, he delivered a speech to a joint session of Congress which was characterized as a "State of the World Address". He focussed basically on Indochina and primarily on South Vietnam. Ford asked Congress to appropriate without delay \$722 million for arms supplies to the Saigon regime that was living out its last days, and another \$250 million for non-military "aid".

However, Congress was not anxious to come up with a new variation of the Tonkin Resolution. The overwhelming majority of Americans were categorically against another interference in the events in South Vietnam. A few hours after the President delivered his address, more than 1,700 telegrams came in to the White House: 80 percent of the senders condemned the President's proposal. And, although Secretary of State Kissinger told correspondents that the Commander-in-Chief could, under certain conditions, use the armed forces even without Congressional sanction, the

US government decided against carrying out plans outlined by the Pentagon to intervene in South Vietnam.

In the collision with harsh realities the sober line prevailed among the US ruling circles. However, the aggressors still were incapable of "leaving" Indochina without a show of imperialist muscle. When an American merchant ship, which was engaged in espionage in Cambodian territorial waters, was detained, the ruling circles of the USA raised a chauvinistic uproar. The Pentagon, the State Department and the President decided to obtain the release of the detained ship by force, and after it was already released by the Cambodian authorities, arranged a military operation to "rescue" it. Washington decided it was worth losing 15 American servicemen in order to try to intimidate the peoples fighting against imperialism and to show puppet dictators still holding on here and there that it would support their "struggle for democracy". Organically linked with reactionary puppet regimes throughout the world after World War II, the ruling circles of America still feel obligated to the people who run them, for a substantial part of American foreign policy is built on their support. It was not without reason that winning popularity in the US was a political cartoon showing a crowd of angry puppets carrying a banner identifying them as "The Association of Surviving Right Wing Dictators", who say to a distraught Gerald Ford: "It'll Cost You Plenty to Regain Your Credibility with Us."

Most Americans responded to the outcome of the events in Indochina with a sense of relief. Progressive America rejects the imperialist propaganda thesis that Indochina "fell"; on the contrary, it holds that it has risen, and calls for the establishment of friendly relations with the victorious peoples of that region. This appraisal is shared by many statesmen and political figures, who feel that the end of US interference in Indochina would help solve other foreign policy problems and, in particular, be conducive to improvement in Soviet-American relations. President Ford himself also officially declared that a whole chapter in the history of the US policy in Indochina was closed and that it

was necessary to work out a new approach to the problems of the Far East.

The Middle East remains one of the central items of US foreign policy. Less than a decade ago many American observers were still denying, or at least covering up, the connection between the interests of oil monopolies and US policy in the Middle East. Now, although the US Middle East policy is not dictated by oil alone, this cover-up no longer succeeds. The ideologists of imperialism are inclined to blame all of the present difficulties in the capitalist economy on the Arab and other oil-producing countries. Zionist propaganda plays a major role in spreading these accusations. It is prepared to overlook the failures of US policy in Indochina and leave alone the "culprits" in the defeat, so as to focus attention on strengthening US positions in the Middle East.

In September 1974, President Ford publicly warned the oil-producing states that their policy could "distort the world economy, run the risk of worldwide depression and threaten the breakdown of world order and safety". While in this warning a threat was a somewhat veiled, it was expressed quite bluntly in a number of statements by cabinet members.

In an interview to *Business Week* magazine, published in early 1975, Secretary of State Henry Kissinger said that although it would be "a very dangerous course", he did not rule out "military action on oil prices". This extraordinary statement by the head of the State Department was unconditionally endorsed by the President. While Henry Kissinger did not refrain from making threats, Secretary of Defense James Schlesinger showed even less restraint in an interview with another mouthpiece of big business and militarism, the *U.S. News & World Report* magazine, in May 1975. He threatened the oil producing Arab countries with harsh measures if they were to put an embargo on oil deliveries to the United States in the event hostilities broke out in the Middle East.

The mass media are quite tolerant to such threatening statements and even encourage them, although from time to

time critical remarks can be heard as well. The explanation for the encouragement lies in large degree in the strength of Zionist positions in such important sectors of American business as finance and propaganda, and also in government bodies.

Washington's Middle East doctrine, formulated with the active participation of the military-industrial complex and Zionist circles, proceeds from the all-round support of Israel as a permanent weapon in the struggle against progressive and independent regimes in the Arab countries. According to this doctrine, the cost of maintaining Israel is fully justified, for it opens up a smoothly operating channel for interference in Middle East affairs. American imperialism and Zionism need Israel precisely for this purpose, and not for the propagated "necessity" of creating a refuge for the "Jewish nation". In the circumstances, any criticism of Israel is close to being taboo in the United States. Zionists had long been unhappy with the stand taken by chairman of the Senate Foreign Affairs Committee, William Fulbright, who proposed setting certain fixed bounds to aid to Israel, which would have restrained Tel Aviv's adventurism. In this light, Fulbright's defeat in the 1974 primary elections cannot be considered merely a local Arkansas affair. In November 1974, Gen. George Brown, the chairman of the Joint Chiefs of Staff, almost lost his job after publicly suggesting that the Zionist lobby had too much influence in US Congress. Henry Kissinger does not suit some Zionists. True, former Israeli Prime Minister Golda Meir, who visited Washington in December 1974 and had a long talk with President Ford, did not agree with the critics of the State Department. "When the days were dark and we needed help, the simplest thing was to say go and see Kissinger," she said. "I felt there was somebody on the other side we could understand." Kissinger himself regards American-Israeli differences as "family quarrels" that are always of "great service".

The American formula for peace cannot lead to a settlement in this explosive region, for it is aimed at supporting Israeli expansionism. And Israel's ruling circles can even allow themselves to disagree with the White House and the



State Department now and again, confident that this "family quarrel" will not lead to a loss of their positions in the United States.

The Joint Soviet-US Communique, signed on November 24, 1974, says: "The sides believe that the Geneva conference should play an important part in the establishment of a just and lasting peace in the Middle East, and should resume its work as soon as possible." In practice, however, the US Government departed from this understanding, giving preference to a stage-by-stage settlement, relying on the method of separate behind-the-scenes deals beneficial to Washington and Tel Aviv. Minister of Foreign Affairs of the USSR Andrei Gromyko had this to say on the score: "From time to time in Israel and certain Western capitals they revive the idea of separate deals on the withdrawal of the invaders from particular pieces of captured Arab territories, divorced from a solution of the problem as a whole. But these ideas are obviously and, needless to say, erroneously based on the assumption that the Arab peoples will up and forget their just demands. The adherents of such tactics in certain capitals extol this policy, describing it as 'step-by-step toward settlement', which is clearly a misnomer. Actually, it should by rights be called a tactic of 'step-by-step away from settlement'."

Upon assuming office, President Ford immediately confirmed Richard Nixon's line in American-Soviet relations. The course outlined in 1972 toward relaxation of tension was reaffirmed during the Vladivostok meeting between President Ford and General Secretary of the CC CPSU Leonid Brezhnev on November 23 and 24, 1974. The meeting produced important political results.

In a joint statement on the limitation of strategic offensive weapons the USSR and the USA reaffirmed their intention to conclude a long-term agreement on this question. In the course of the meeting, the two leaders discussed many international issues and a wide range of questions of Soviet-American relations, including trade and economic relations. The meeting reflected a mutual desire to ensure constant progress in Soviet-American relations.

At first, many American press organs responded critically to the joint statement on the strategic offensive arms limitation. The opponents of détente headed by Henry Jackson launched a demagogic debate on the nuclear arms ceilings which had been discussed at the Vladivostok meeting as guidelines. Since the chief critics of the "high ceilings" were inveterate militarists and opponents of détente, the public soon figured out what was what, and the wave of criticism receded markedly. On January 17, 1975, Senators Edward Kennedy, Charles Mathias and Walter Mondale introduced a Senate resolution approving the principles of the Vladivostok agreement and urging the President to negotiate with Soviet leaders on further steps in arms reduction. It may be considered that this is now the prevailing point of view in American public opinion, although the opponents of détente, who assert that the benefits from this process are allegedly "one-sided" in favor of the USSR, still hold strong positions. They try to use the collapse of the US imperialist designs in Indochina as an argument in favor of a "hard line" with respect to the USSR.

Indications of the struggle between the advocates and opponents of détente can be seen in the development of Soviet-American economic relations and the fate of the above-mentioned trade bill which was passed by Congress in December 1974 and signed into law by President Ford in early 1975. Over the period 1972-1974, Soviet-American trade turnover amounted to 2.4 billion rubles (about \$3 billion, according to American data), which was almost five times as much as in the preceding three years. The 1972 Soviet-American trade agreement envisaged a reciprocal and unconditional granting of most favored nation status. The USSR remained true to the spirit and letter of this document, but influential forces in the United States sought to introduce discriminatory provisions into Soviet-American economic relations. Congress passed the trade bill with the so-called Jackson-Vanik amendment, which made US extension of most favored nation status and export credits to the Soviet Union contingent upon Soviet compliance with conditions having no relation to trade and economic

questions, namely, the satisfaction of the demands of certain US circles with respect to emigration from the USSR. Among other things, this was in violation of the 1972 agreement on the *unconditional* granting of most favored nation status.

On December 19, the Soviet leaders in an official statement flatly rejected "as unacceptable any attempts, from whoever they may come, to interfere in internal affairs that are entirely the concern of the Soviet state and no one else". This statement should not have come as a surprise to anyone who had even an elementary acquaintance with the basic principles of Soviet foreign policy. The US press virtually hushed up the text of a letter from Andrei Gromyko to Henry Kissinger, dated October 26, 1974, which was published in the USSR on December 19, 1974 along with the TASS statement. Yet this letter was important and significant. A little over two months prior to the signing of the trade bill, it made a forceful warning, one which also referred to certain recipes of "quiet diplomacy". The letter said:

"Dear Mr. Secretary of State,

"I believe it necessary to draw your attention to the question concerning the publication in the United States of materials of which you are aware and which touch upon the emigration from the Soviet Union of a certain category of Soviet citizens.

"I must say straightforwardly that the above-mentioned materials, including the correspondence between you and Senator Jackson, create a distorted picture of our position, as well as of what we told the American side on that matter.

"When clarifying the actual state of affairs in response to your request we underlined that the question as such is entirely within the internal competence of our state. We warned at the time that in this matter we had acted and shall act in strict conformity with our present legislation on that score.

"...We believe it important that in this matter, considering its principal significance, no ambiguities should remain as regards the position of the Soviet Union."

At present, a new approach to the problem of Soviet-

American trade relations is being worked out in the United States. It has become clear to many that any form of interference in internal affairs as a component part of a possible trade agreement with the USSR is ruled out.

Many in the USA, including some who supported the Jackson-Vanik amendment, have correctly assessed the firmness of the Soviet position and the calm tone of Moscow's response. The Soviet Union has not cancelled out all the positive things that have been achieved in Soviet-American relations since 1972 just because of the irresponsible actions of certain politicians; on the contrary, in this situation, as in others, it firmly proposes to hold to a course toward détente and cooperation.

The Ford Administration attaches great importance to relations with the USSR and socialist countries in general. It is continuing the steps begun earlier to normalize them. In September 1974, diplomatic relations were established between the USA and the GDR, which also testified to the fact that Washington was continuing its line of abandoning anachronistic cold war dogmas. "Our relations with the Communist countries are a basic factor of the world environment," the President stressed in his State of the Union message to Congress. "We must seek to build a long-term basis for coexistence. . . . The kind of world we want depends on a broad policy of creating mutual incentives for restraint and for cooperation."

It is not easy for the American government to pursue this course consistently, so great are the forces in the United States that advocate an out-and-out imperialist policy, and so tenacious are chauvinist habits and the spirit of the cold war.

Détente is making its impact on the internal political life of the country. It weakens the positions of the militarists, the military-industrial complex, the McCarthyites, the seasoned anti-communists and the organizers of domestic espionage. Only several years ago, any step, as long as it could be classified as anti-communist or anti-Soviet, could have been justified by invoking the "national interest". Now, this does not always work. This is precisely what the reactiona-



ries and militarists are afraid of, and this is precisely why a substantial part of the Zionists in the United States can be found among the opponents of Soviet-American cooperation.

From time to time, the President and Secretary of State, yielding to these forces, make statements that run counter to the course of détente. For example, on April 10, 1975, in a speech on the failures of American policy in Indochina, Mr. Ford rather transparently blamed also the USSR. Henry Kissinger, speaking on May 12 in St. Louis, said: "The expansion of Soviet military power and its extension around the world is a serious concern to us." Such remarks, of course, do not help to strengthen détente.

But nonetheless within the upper echelons of the US government, the course toward détente and Soviet-American cooperation finds a growing number of supporters and better chances for consolidation.

As far as the policy of the Soviet Union is concerned, it is, as always, distinguished by its consistency and principled character. In the Statement of the Plenum of the CC CPSU of April 16, 1975, in the Address of the CC CPSU, the Presidium of the USSR Supreme Soviet and the Government of the Soviet Union of May 10, 1975, "To the Peoples, Parliaments and Governments", and in the speeches of members of the Politbureau of the CC CPSU on the eve of the June 15, 1975 elections to the Supreme Soviet of the Union Republics, the line toward détente in international relations and positive changes in relations between the USSR and the USA found complete and highly authoritative approval. This line was reaffirmed at the 25th Communist Party Congress in early 1976.

The policy of relaxation of tension in Soviet-American relations and of constructive peaceful coexistence meets the interests of both countries and serves the cause of preserving and strengthening world peace. This course, surmounting the resistance of its many opponents, has justified itself. There is great prospect for its further development.

## *Chapter XI*

### **SOVIET STUDIES OF THE RECENT HISTORY OF THE USA**

Soviet studies of North America represent a comparatively young branch of history in the USSR. In contrast to the field of West European (English, French and German) history, which by the outset of the present century had already become the subject of serious research by numerous Russian historians, American history drew little attention from pre-revolutionary Russian historians. Consequently it was no easy task to establish a tradition of Soviet studies of America. It was only in the 1930s that the first major monographs on US history saw the light. These works were drawn up by eminent Soviet historians, the pioneers of modern Soviet studies of America: A. V. Yefimov, L. I. Zubok and V. I. Lan. Still, it was only after World War II, and particularly in the 1950s and 1960s, that the study of US history was placed on a systematic and fully scholarly basis.

The rapid development of Soviet studies of America during the past two decades was largely connected with the emergence and active functioning of a number of research centers for American studies. A large body of Soviet specialists of US history were brought into the Sector on US and Canadian History organized in 1953 in the Institute of World History, the USSR Academy of Sciences. Then groups of specialists on US studies were brought together in the Institute of World Economy and International Relations, the Institute of Ethnography and the Institute of the International Workers' Movement. A specialized Institute

of US studies was established in Moscow in 1968 to conduct systematic study of the pivotal economic, political and ideological problems of contemporary America. It was renamed the Institute of US and Canadian Studies in 1974. Besides these research institutes affiliated with the USSR Academy of Sciences, the universities and other higher education institutions in Moscow, Leningrad, Kiev, Minsk, Kazan, Saratov, Odessa, Kuibyshev and other cities boast sizeable numbers of personnel concerned with American studies.

A significant impetus was given to US studies in the Soviet Union by the expansion of international scholarly contacts taking place in the context of the positive shifts in the US-Soviet relations and notably by the broad opportunities provided to Soviet scholars to work in US archives and libraries. This has led to a significant upgrading of the professional level of published research, to a wider range of studies, better utilization of sources and more highly qualified criticisms of the underlying concepts of bourgeois historical studies.

Favorable conditions have been established for the promotion of one of the key elements of US studies, namely the recent history of the USA. The level of scholarly endeavor achieved in that field has permitted Soviet historians to produce a number of general works attempting to give an overall view of the economic and political development of the USA during the period of the general crisis of capitalism. The first such work was a monograph published by V. I. Lan in 1947 and entitled *The USA Between the Two World Wars*. The work retains its scholarly value up to the present day. In 1960 the collective efforts of a large group of Soviet scholars were brought together in *Essays on Modern US History*, which drew up on a rich body of source material. Together with other surveys of recent US history written by L. I. Zubok, N. N. Yakovlev and E. V. Ananov,<sup>1</sup> these works facilitated a richer understanding of the

<sup>1</sup> For this and other works discussed in this chapter see bibliography titles (in Russian).

central tendencies in the development of American society during the period of the general crisis of capitalism and simultaneously lay the foundations for further and expanded research. They facilitated a new outpouring of specialized monographs focussing on pivotal problems in recent US history.

Soviet specialists on America study a wide range of subjects. They devote, for example, much attention to the distinguishing features of US economic development. The scientific import of this aspect stems from the fact that bourgeois economic literature (and the entire propaganda apparatus supporting American imperialism) exaggerate and turn into absolutes certain specific features of US economic development, as a means of bolstering the apologist theories which speak of "American uniqueness" and call the United States a "popular capitalist" and "post-industrialist" country, a "welfare state". Soviet scholars have employed substantial statistical data to demonstrate that neither the existence of certain specific features distinguishing the development of the US economy (the relatively high rate of growth of the productive forces, the protracted postwar boom), nor the scientific and technological revolution especially marked in recent decades ends the functioning of the basic laws of capitalist production. Likewise, the standard of living distinguishingly higher than in European countries, is by no means a proof that classes have disappeared in America or that "universal public well-being" has been achieved.

Soviet historians and economists have provided a profound analysis of the underlying structure of US financial capital. They have demonstrated the growing monopoly domination of economy and politics, elaborated the various forms taken by state-monopoly capitalism, which after World War II became a constant factor in the economic life of all imperialist countries including the USA. These important problems of the economies of the modern imperialist world have been the subject of major studies by eminent Soviet economists such as L. B. Altor, A. A. Arzumanyan, E. S. Varga, N. N. Inozemtsev, I. A. Trakhtenberg, L. A. Mendelson and others.



During the last decade these works of a general scope have been accompanied by more specialized research devoted to specific aspects of the US economy. Among them we should note the solid work by S. M. Menshikov, *Millionaires and Managers*, which provides a searching analysis of the modern structure of the American financial oligarchy; the substantial monograph written by I. I. Beglov and entitled *The USA: Property and Power*, in which the ongoing regrouping of the US financial oligarchy in connection with the emergence of giant monopoly conglomerates is brought under investigation; and, finally, the important work of S. A. Dalin, published in 1972 and bringing together long years of research by this eminent scholar. The book analyzes a wide sweep of problems associated with the development of state-monopoly capitalism in the USA after World War II.

In the 1960s and early 1970s a number of works were devoted to specific historical investigation of the various stages, forms and methods of state-monopoly regulation of the economy and social relations. Most noteworthy among such works were the monograph by Dalin on government controls during World War II, a collectively authored book on the economic policies of the Kennedy Administration and a series of specialized monographs on the forms and methods of government economic regulation in the USA, published in the last few years by the Institute of the World Economy and International Relations and the Institute of US and Canadian Studies. Soviet scholars have begun to study the important problem of the expanding social functions of the modern capitalist state. Much progress has been made in the study of the history and contemporary practice of the legal aspects of labor relations. Initiated with the works of a group of Soviet legal scholars (M. V. Baglai, V. I. Usenin, B. S. Gromakov and others) research in this field has been successfully continued by N. V. Sivachyov, with the publication in 1972 of a study of US labor relations from the 1930s to the present time.

Soviet economists have devoted a number of works to US agriculture during the period of the general crisis of capital-

ism. In these works (and especially in the contribution by L. I. Lyubosheets, published as early as 1949) much space has been given to the problem of protracted agricultural crises, and to the question of the increased exploitation of agriculture by the industrial and financial monopolies as the underlying cause of the difficult situation confronting the bulk of farmers. During the 1960s new interesting research was published on modern developments in US agriculture. A study of the relevant data convinced Soviet agrarian specialists of the extension of the scientific and technological revolution to the agricultural sector of the advanced capitalist countries and of the transition of agriculture from a manufactory to a factory stage through the institutions of agro-businesses. The most convincing and thorough exposition of these processes is to be found in the works of V. A. Martynov.

The internal political history of the USA represents another important focus of study for Soviet scholars. Historians investigate in detail the tendency, characteristic of the imperialist period, towards intensified reactionary policies in domestic affairs in all the imperialist countries, not excluding the USA. In their analysis of each specific stage of the struggle they endeavor to define the alignment of class forces within the country and more particularly within the big bourgeoisie holding the reins of power, and to establish which of the variants of bourgeois ideology is dominant at any particular moment. Soviet historians have arrived at the conclusion that in the context of the rapid development of state-monopoly capitalism the ideology of militant individualism is slowly yielding in the United States to the two fundamental variants of modern state-monopoly ideology—neo-liberalism and neo-conservatism. At each point in recent US history the outcome of the struggle between these two variants has been determined by the balance of strength in the monopoly bourgeoisie camp and by the degree of determination evinced by the working people in their class struggle.

Soviet historians have published a number of interesting research pieces dedicated to the internal political struggle

in the USA in recent times. We have in mind monographs by V. L. Malkov, D. G. Nadzhafov and N. V. Sivachyov, concerned with the bitter political struggle in the USA in the 1930s and with the basic thrust of the New Deal policies implemented under Franklin D. Roosevelt. Other books of note include the work of V. S. Zorin, encompassing the period between 1952 and 1964, a monograph by V. A. Nikitin on the emergence of the ultra-right in the USA during the postwar period and several collectively authored books, published in recent years by the Institute of the World Economy and International Relations and the Institute of US and Canadian Studies and concerned with the fundamental aspects of the domestic policy of the USA during the 1960s and early 1970s. All of these works reveal the class character and social essence of the internal policies pursued by the bourgeois US governments, and specific evidence is mustered to indicate the struggle for ascendancy among the various trends making up domestic life in America.

The genre of political biography has also been given more emphasis by Soviet historians recently. N. N. Yakovlev's study, *Franklin D. Roosevelt: the Man and the Politician* is one example of this development.

Although perceptible progress has been made in clarifying the internal political situation in the USA, serious gaps still exist in this field. The most salient include the study of the evolution of the major political parties in recent times, the movement to establish a third party, the evolution of representative institutions at the federal, state and local level, and others.

Soviet scholars have made serious progress in the study of the history of the American labor movement. The genuinely scholarly portrayal by Marxist historians of the development of the labor movement in the USA during the recent period is of immense significance, since it provides an opportunity to demonstrate how far off the mark are apologists for the bourgeois order in alleging the existence of a "harmony of class interests" in the USA, unchallenged dominance of "pure trade unionism" and of "incorporation" of the working class into the structure of modern capitalism. Research

carried out by Soviet scholars offers convincing proof that at present the basic class antagonism in the USA and other regions of the capitalist world is to be found in the contradiction between labor and capital. Consequently, the working class in the capitalist countries retains its position as the pivotal revolutionary force.

The efforts of Soviet scholars have been particularly fruitful in the study of the working-class movement in the 1960s. During that decade a number of major works were published on the situation of the US working class and its specific categories during the imperialist period, on the social consequences of the scientific and technological revolution and on the ongoing related changes in the structure of the working class in the developed capitalist countries. Monographs by the economists A. I. Kats and N. D. Gauzner were of particular note in this area of study.

During this same period the first major Soviet studies were published on the history of the US working-class movement during the period of the general crisis of capitalism. Most important among these studies was the two-volume collectively authored work published in 1970 and 1971 on the *Modern History of the Working-Class Movement in the USA*, in which a wide range of source material, including American archival documents, is drawn upon to provide an analysis of the difficult and genuinely heroic struggle of the working class over the last half century. This collective research endeavor, in which many Soviet historians took part, has already won wide recognition in both Soviet and progressive American press.

These general surveys encompassing the entire sweep of recent history have been accompanied by a fairly sizeable number of monographs concentrating on specific moments in the history of the labor movement. We note the books by I. M. Krasnov, S. A. Ovanesyan and P. S. Petrov on the fundamental thrust of the class struggle in the USA after World War I, the works by V. L. Malkov and N. V. Kurkov on the struggle waged by the American proletariat during the 1930s and B. Y. Mikhailov's major study of the Congress of Industrial Organizations. The first steps have



been made in the study of the history of the working-class movement following World War II. Here we should call attention to the small but competent study by N. V. Mostovets (1957) in which an enquiry into the various forms taken by the working-class movement after World War II is accompanied by the formulation of the salient theoretical questions concerning the specific features and long-range prospects for the contemporary American working-class movement. These problems were taken up anew in monographs by T. T. Timofeyev, P. A. Shishkin, V. P. Androsov, A. A. Mkrtchyan and other Soviet historians and the result was the laying of firm foundations for further studies of the postwar history of the working-class movement in the United States.

The last decade has witnessed the emergence in Soviet historical science of the first major research works on the mass anti-monopoly movements in the USA during the period of the general crisis of capitalism, a field which long had remained peripheral to the interests of Marxist historians. Gains have been made, for example, in the study of the anti-monopoly farmers' movement in recent history. The basic stages in this movement were analyzed in works written by V. P. Zolotukhin and E. F. Yazkov and published in the late 1960s and early 1970s. Soviet historians have begun the systematic study of the history of the Black movement, and particularly that stage of tumultuous growth in the liberation struggle of the American Blacks which began in the middle of the 1950s and continues today. This important problem has already been taken up by a number of historians, and the works of I. A. Geyevsky, A. P. Koroilyova and E. L. Nitoburg are the most noteworthy. Finally, the first, though admittedly still not very numerous, works have appeared on the modern youth movement in the United States, on the anti-war movement which unfolded in the 1960s and on the important shifts in the ideological views of the American intellectuals as well as their participation in the democratic movement.

The initiation of systematic research on the democratic movement in the imperialist era as an independent problem,

combined with considerable results achieved by Soviet historians in the study of the labor movement provide favorable ground for a comprehensive elaboration of one of the central problems of recent US history—that of the anti-monopoly coalition. Particular stages and thrusts of the struggle for the formation of a broad front of anti-monopoly forces (which on several occasions during the present century has occupied center-stage on the American political scene) have already come under the gaze of Soviet historians. For example, interesting work on the socio-political movement of the 1960s in the USA has been carried out jointly by members of the International Workers' Movement Institute and the Institute of the World Economy and International Relations. However, as of yet Soviet historical science has not produced a major work incorporating the fruits of individual research efforts and providing an overall view of the achievements and shortcomings of the struggle waged by democratic forces in the USA for the formation of a broad anti-monopoly coalition, for a break with the traditional two-party system and for the establishment of an independent political party of working people. Soviet specialists on America are confronted with an important task in coming up with works dealing with these problems.

Soviet historians have always paid close attention to the study of the foreign policy and diplomacy of American imperialism. In the postwar period they have contributed a wide range of literature drawing upon substantial documentary sources and providing an analysis of the pivotal stages and thrusts of US foreign policy. One outstanding contribution in this sphere is N. N. Inozemtsev's fundamental monograph *US Foreign Policy in the Imperialist Era*, published in 1960. Making use of substantial factual material the author has demonstrated the nature and distinctive features of American foreign policy at its various junctures, traced the lines firmly linking this policy to the economy and to the alignment of class forces both domestically and internationally, and has shown the untenability of the conceptions pushed by bourgeois scholars as an apol-

ogetic for the system. Similar tasks have been taken up by the authors of other works on imperialist American foreign policy. Among these we should point to the collectively authored work *The Motive Forces of American Foreign Policy* (1965), a work by Y. M. Melnikov on postwar foreign policy doctrines in the USA, and works by G. A. Arbatov and A. Y. Kunina on the ideological underpinnings of the contemporary foreign policies pursued by American imperialism.

The foreign economic expansion drive of the American monopolies occupies an important place in studies by Soviet historians and economists. Works by scholars such as G. Andreyev, N. I. Mnogoletova, S. M. Menshikov, D. I. Kostyukhin, Y. S. Shershnyov and others have demonstrated the sundry forms and methods adopted by monopolies in the ever-growing drive for the export of capital, their penetration of foreign economies and the competitive struggle the imperialist powers wage for markets, raw materials and spheres for capital investment.

During the last decade major success attended the effort to unravel the complex trends making up American isolationism and to clarify the struggle waged by various classes and social groups over the formation of US foreign policy at the various stages marking recent American history. Most noteworthy in this aspect was the monograph written by Y. I. Popova, *The USA: the Struggle over Foreign Policy, 1919-1922* (1966). In this work the author treads new ground in providing a thorough analysis of the social roots and main directions of the isolationist current in American society after World War I and uses a wealth of sources to illustrate the struggle between the isolationists and Wilsonians. D. G. Nadzhafov's work *The American People Against War and Fascism*, published in 1969, lays the groundwork for the study of the bitter domestic struggle which erupted over the determination of foreign policy in the 1930s. However, a further research effort is called for in order to provide a fuller and more detailed picture of the various stages of the struggle over the determination of US foreign policy.

Soviet historians have devoted a large number of monographs to various regional issues of US foreign policy. Among historians and students of international affairs the problem of Soviet-American relations occupies a prominent place. Soviet scholars have given considerable space in their writings to documenting the aggressive foreign policy of US ruling circles in the period 1917-1920, and have shown the role that American imperialism played in the armed intervention against the Soviet Republic at the time. This problem has been dealt with in monographs by A. V. Berryozkin, G. K. Seleznyov, L. A. Gvishiani and other Soviet historians. A firm beginning has also been made in the study of subsequent stages in Soviet-American relations in works by V. Y. Furayev, V. L. Valkov, D. N. Stashevsky and G. N. Tsvetkov. However, the subject is far from exhausted and many stages and aspects in US-Soviet relations, notably after World War II, have not yet received thorough coverage in the scholarly literature.

American imperialist policy *vis-à-vis* Germany has been covered by V. V. Postnikov, Y. M. Melnikov, N. N. Sofinsky and others whose works represent a substantial scientific and political contribution. Soviet scholars have drawn upon a wide range of sources to show the role of American monopolies in resurrecting the military-industrial potential of Germany. They have exposed the goals underlying the US postwar policy of promoting a division of Germany and of supporting reactionary forces in West Germany. Soviet historians have produced a number of serious works on the history of Anglo-American relations (the monographs by I. M. Lemin and L. V. Pozdeyeva) and on relations between the USA and the other West European countries.

Soviet scholars have given much time to the study of US policy in Latin America. Works by L. I. Zubok, L. Y. Slezkin, S. A. Gonionsky, E. L. Nitoburg and many others have discussed the forms and methods adopted by the USA in the drive for expansion in Latin America. They have exposed the speciousness of the doctrine of Pan-American "solidarity" and of other theories concocted to whitewash the true nature of imperialist US policies toward Latin America.



And finally, Soviet historians have given an exceptional amount of attention to US foreign policy in the Far East. A number of important general works have been published on this theme; among the most outstanding are the collectively authored *International Relations in the Far East (1840-1849)*, edited by Academician Y. M. Zhukov, as well as monographs by V. Y. Avarin, G. N. Sevostyanov and other Soviet historians. In addition, a large number of specialized works have appeared on US foreign policy toward China, Japan, Korea and other countries in Asia and the Pacific area.

To date American public opinion during the period of the general crisis of capitalism has received scant attention from Soviet historians. It is only very recently that some progress has been made in this area. We have in mind a monograph on Franklin D. Roosevelt's New Deal (1973) in which the author, V. L. Malkov, provides a detailed analysis of the acute ideological struggle which took place in the USA in the 1930s. In 1974, A. A. Kislova published an interesting work containing the first Marxist analysis of the development of American social Christianity, one of the religious currents evolving from the democratic anti-monopoly movements at the turn of the present century. This book, which encompasses a lengthy interval in history, devotes separate chapters to the 1920s and 1930s.

The postwar ideological struggle in the USA has yet to be given full coverage by Soviet historians. To be sure, the question has been dealt with by a number of Soviet historians and philosophers, including N. S. Yulin, Y. A. Zamoshkin, E. D. Modrzhinskaya, N. V. Sivachyov and others, but much remains to be done in this sphere.

Soviet historians are devoting increasing attention to historiographical questions in connection with their studies of prominent issues in the modern history of the USA. They are subjecting the most widespread notions among their bourgeois counterparts in the USA to detailed analysis and well-founded criticism, and counterposing Marxist dialectical-materialist interpretations of US history to the bourgeois concepts.

Of great significance in the study of historiography and methodology is the two-volume joint study of the historiography of modern Europe and America recently released by the department of modern and recent history of Moscow University. Several chapters in the second volume of this pathbreaking work, published in 1967 and 1968, elaborate the evolution of the discipline of history in the United States in recent times. The authors of these chapters (I. P. Dementyev, V. L. Malkov and D. G. Nadzhafov) have thoroughly traced the evolution of the various schools and currents in American historiography up to the middle of the 1960s. Recent trends and the emergence of new directions are subjected to analysis in a number of articles by N. N. Bolkhovitinov and some other Soviet historians.

Success is being registered in the study of the historiography of the American labor movement, where serious works have already been produced by S. M. Askoldova, V. L. Malkov, E. V. Chernyak, and of US foreign policy in the recent period (works by A. A. Karenin, A. E. Kunina, B. I. Marushkin, A. N. Yakovlev and others). With the publication in 1974 of a jointly authored work sponsored by the Institute of World History of the USSR Academy of Sciences, *American Historical Studies of US Domestic Policy in the Post-war Period*, the study of yet another important branch of history was undertaken.

Soviet specialists on America have made substantial progress in the study of the recent history of the USA. Nevertheless, the field remains wide open for further research. It is only after a number of lacunae have been eliminated and many important problems (which to date have not received sufficient attention among Marxist historians) have been cleared up that it will be possible to establish a full and comprehensive picture of the economic and political development of the USA during the period of the general crisis of capitalism.

## CONCLUSION

The recent history of the United States of America has been a complicated process. State-monopoly tendencies were observable in American capitalism as early as during World War I. Today, the USA has been transformed into the citadel of the world capitalist system.

Events of recent times have demonstrated that private property relations in the USA are in a chronic crisis state. Manifestations of crisis in the socio-economic structure were particularly salient in the 1930s. This period witnessed the destruction of the myth of the "exclusiveness" of the route followed by the USA. In the aftermath of World War II the USA became the leader of an enervated capitalist world. The ailments wracking the USA itself were compounded by this staggering burden of "global responsibility" for a social system in retreat before the new socialist world. This engendered a number of negative phenomena both in terms of domestic developments and in US foreign policy. After 1945 American imperialism became a constant threat to the prospects of universal peace.

The recent history of the USA has been marked by outstanding progress in technology, industrial management, science and material culture. These achievements were crowned by an event of historic significance—the successful manned flight to the Moon. The first moonwalk by Neil Armstrong and Edward Aldrin on July 20, 1969, stands on a level with other epoch-making achievements in the conquest of space such as the launching of the first satellite in the USSR on October 4, 1957, and the first manned flight in space carried out by Yuri Gagarin on April 12, 1961.

However, because of the monopoly dominance over society, social progress in the USA has not kept pace with the

scientific and technological revolution. This is the source of flaws in American society such as militarism, racism, and widespread poverty afflicting millions of Americans, and especially the racial and ethnic minorities subject to discrimination.

But while speaking of the intensification of reactionary trends and militarism in the USA after World War II we must not forget that the democratic, progressive and revolutionary traditions have deep roots in this country.

During the 1960s and 1970s major changes have taken place both in the domestic profile and foreign policy of the USA. Democratic forces in the country have made substantial progress in overcoming the vestiges of McCarthyism and the cold war. As a result of the strengthened hand of peace forces throughout the globe, and within the USA, the American government has significantly altered its foreign policy doctrines. Today the principles of peaceful coexistence first advanced by the Soviet government with the establishment of a socialist state, are making steady inroads in the USA and overcoming the resistance of the forces of reaction and militarism.

Moving into the 1970s, the USA is an archetype of a society divided into irreconcilably antagonistic classes, groups and tendencies, disturbed and uncertain of the near future. American society today is torn by a moral, political and constitutional crisis unprecedented in the last hundred years. This crisis is the offshot and reflection of the fundamental flaws in the capitalist system.

On July 4, 1976, the great American people will observe the bicentennial of the adoption of the Declaration of Independence, which proclaimed the 13 colonies an independent state. Born in the fires of the first revolution (1775 to 1783) and saved from collapse during the second revolution (1861-1877), the United States of America has now encountered problems of such complexity that a solution may only be found through the liquidation of monopoly dominance and the fundamental reconstruction of the socio-economic and political foundations of American society.



## APPENDICES

### Appendix No. 1

#### The States of the Union (with the capital cities and year of incorporation into the Union)

1. Delaware (Dover, 1787)
2. Pennsylvania (Harrisburg, 1787)
3. New Jersey (Trenton, 1787)
4. Georgia (Atlanta, 1788)
5. Connecticut (Hartford, 1788)
6. Massachusetts (Boston, 1788)
7. Maryland (Annapolis, 1788)
8. South Carolina (Columbia, 1788)
9. New Hampshire (Concord, 1788)
10. Virginia (Richmond, 1788)
11. New York (Albany, 1788)
12. North Carolina (Raleigh, 1789)
13. Rhode Island (Providence, 1790)
14. Vermont (Montpelier, 1791)
15. Kentucky (Frankfort, 1792)
16. Tennessee (Nashville, 1796)
17. Ohio (Columbus, 1803)
18. Louisiana (Baton Rouge, 1812)
19. Indiana (Indianapolis, 1816)
20. Mississippi (Jackson, 1817)
21. Illinois (Springfield, 1818)
22. Alabama (Montgomery, 1819)
23. Maine (Augusta, 1820)
24. Missouri (Jefferson City, 1821)
25. Arkansas (Little Rock, 1836)
26. Michigan (Lansing, 1837)
27. Florida (Tallahassee, 1845)
28. Texas (Austin, 1845)
29. Iowa (Des Moines, 1846)
30. Wisconsin (Madison, 1848)
31. California (Sacramento, 1850)
32. Minnesota (Saint Paul, 1858)
33. Oregon (Salem, 1859)
34. Kansas (Topeka, 1861)
35. West Virginia (Charleston, 1863)
36. Nevada (Carson City, 1864)
37. Nebraska (Lincoln, 1867)
38. Colorado (Denver, 1876)
39. North Dakota (Bismarck, 1889)
40. South Dakota (Pierre, 1889)
41. Montana (Helena, 1889)
42. Washington (Olympia, 1889)
43. Idaho (Boise, 1890)
44. Wyoming (Cheyenne, 1890)
45. Utah (Salt Lake City, 1896)
46. Oklahoma (Oklahoma City, 1907)
47. New Mexico (Santa Fe, 1912)
48. Arizona (Phoenix, 1912)
49. Alaska (Juneau, 1959)
50. Hawaii (Honolulu, 1959)

# Appendix No. 2

## State Structure of the USA (according to the US Constitution, adopted in 1787, with 26 amendments)

### Legislative Bodies

#### Congress

Senate (100 senators, term—6 years)  
House of Representatives (435 representatives, term—2 years)

### Judicial System

Supreme Court (9 justices)  
US Courts of Appeal (11 judicial circuits, 88 justices)  
District Courts (89 districts, 338 judges)

### The Executive

President (elected for 4 years by electoral college with 538 ballots)  
Executive Office:  
The White House Office  
Office of Management and Budget  
Council of Economic Advisers  
Domestic Council  
National Aeronautics and Space Council  
National Security Council

### Departments

State Dept. (1789), Treasury Dept. (1789), Dept. of Defense (1947), Dept. of Justice (1870), Dept. of the Interior (1849), Dept. of Agriculture (1889), Dept. of Commerce (1913), Dept. of Labor (1913), Dept. of Health, Education and Welfare (1953), Dept. of Housing and Urban Development (1965), Dept. of Transportation (1967)

### Independent Agencies (the largest)

Atomic Energy Commission  
Export-Import Bank  
Civil Aeronautics Board  
Federal Communications Commission  
Securities and Exchange Commission  
United States Postal Service  
Federal Mediation and Conciliation Service  
Federal Trade Commission  
Interstate Commerce Commission  
National Aeronautics and Space Administration (NASA)  
National Labor Relations Board  
Selective Service System  
Tennessee Valley Authority (TVA)  
US Civil Service Commission  
US Information Agency (USIA)  
US Tariff Commission

# Appendix No. 3

## Presidential Election (1920-1972)<sup>1</sup>

Date	Candidate	Party	Number of Votes		Electoral college votes
			Total	%	
1920	Warren G. Harding	Republican	16,152,200	61.02	404
	James M. Cox	Democratic	9,147,353	34.55	127
	Eugene V. Debs	Socialist	919,799	3.47	0
1924	Calvin Coolidge	Republican	15,725,016	54.10	382
	John W. Davis	Democratic	8,385,586	28.80	136
	Robert La Follette	Independent Candidate	4,822,856	16.60	13
1928	Herbert C. Hoover	Rep.	21,392,190	58.20	444
	Alfred E. Smith	Dem.	15,016,443	40.80	87
1932	Franklin D. Roosevelt	Dem.	22,821,857	57.30	472
	Herbert C. Hoover	Rep.	15,761,841	39.60	59
	Norman M. Thomas	Soc.	884,781	3.00	0
	William L. Foster	Communist	102,991		
1936	Franklin D. Roosevelt	Dem.	27,751,612	60.70	523
	Alfred M. Landon	Rep.	16,681,913	36.40	8
	William Lemke	Union Party	891,858	2.50	0
1940	Franklin D. Roosevelt	Dem.	27,243,466	54.70	449
	Wendell L. Willkie	Rep.	22,304,755	44.80	82
1944	Franklin D. Roosevelt	Dem.	25,602,505	52.80	432
	Thomas E. Dewey	Rep.	22,006,278	44.50	99
1948	Harry S. Truman	Dem.	24,179,345	49.60	303
	Thomas E. Dewey	Rep.	21,991,291	45.10	189
	Strom Thurmond	State's Rights Party	1,176,125	5.00	39
	Henry A. Wallace	Progressive	1,157,236		
1952	Dwight D. Eisenhower	Rep.	33,936,234	55.20	442
	Adlai E. Stevenson	Dem.	27,314,992	44.50	89

<sup>1</sup> The main candidates only are listed.



Date	Candidate	Party	Number of Votes		Electoral college votes
			Total	%	
1956	Dwight D. Eisenhower	Rep.	35,590,472	57.40	457
	Adlai E. Stevenson	Dem.	28,022,752	42.00	73
1960	John F. Kennedy	Dem.	34,226,731	49.70	303
	Richard M. Nixon	Rep.	34,108,157	49.50	219
	Robert C. Byrd	Withdrew			15 <sup>1</sup>
1964	Lyndon B. Johnson	Dem.	43,129,484	61.10	486
	Barry M. Goldwater	Rep.	27,178,188	38.50	52
1968	Richard M. Nixon	Rep.	31,770,237	43.40	301
	Hubert H. Humphrey	Dem.	31,270,533	42.70	191
	George C. Wallace	American Independent	9,906,141	13.50	46
1972	Richard M. Nixon	Rep.	45,900,000	61.0	521
	George McGovern	Dem.	28,400,000	38.0	17

<sup>1</sup> In the Electoral College Byrd drew support of 6 voters from Alabama and 8 from Mississippi, who had committed themselves to no candidate during the election campaign, and one Republican voter from Oklahoma refusing to vote for Nixon.

## Party Control in Congress

Congress	Date	President <sup>1</sup>	Senate	House of Representatives
65	1917—1919	Woodrow Wilson (D.)	Dem. Party	Dem. Party
66	1919—1921	Woodrow Wilson (D.)	Rep. Party	Rep. Party
67	1921—1923	Warren G. Harding (R.)	Rep. Party	Rep. Party
68	1923—1925	Warren G. Harding		
		Calvin Coolidge (R.)	Rep. Party	Rep. Party
69	1925—1927	Calvin Coolidge (R.)	Rep. Party	Rep. Party
70	1927—1929	Calvin Coolidge (R.)	Rep. Party	Rep. Party
71	1929—1931	Herbert C. Hoover (R.)	Rep. Party	Rep. Party
72	1931—1933	Herbert C. Hoover (R.)	Rep. Party	Dem. Party
73	1933—1935	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
74	1935—1937	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
75	1937—1939	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
76	1939—1941	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
77	1941—1943	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
78	1943—1945	Franklin D. Roosevelt (D.)	Dem. Party	Dem. Party
79	1945—1947	Franklin D. Roosevelt		
		Harry S. Truman (D.)	Dem. Party	Dem. Party
80	1947—1949	Harry S. Truman (D.)	Rep. Party	Rep. Party
81	1949—1951	Harry S. Truman (D.)	Dem. Party	Dem. Party
82	1951—1953	Harry S. Truman (D.)	Dem. Party	Dem. Party
83	1953—1955	Dwight D. Eisenhower (R.)	Rep. Party	Rep. Party
84	1955—1957	Dwight D. Eisenhower (R.)	Dem. Party	Dem. Party
85	1957—1959	Dwight D. Eisenhower (R.)	Dem. Party	Dem. Party
86	1959—1961	Dwight D. Eisenhower (R.)	Dem. Party	Dem. Party
87	1961—1963	John F. Kennedy (D.)	Dem. Party	Dem. Party
88	1963—1965	John F. Kennedy		
		Lyndon B. Johnson (D.)	Dem. Party	Dem. Party
89	1965—1967	Lyndon B. Johnson (D.)	Dem. Party	Dem. Party
90	1967—1969	Lyndon B. Johnson (D.)	Dem. Party	Dem. Party
91	1969—1971	Richard M. Nixon (R.)	Dem. Party	Dem. Party
92	1971—1973	Richard M. Nixon (R.)	Dem. Party	Dem. Party
93	1973—1974	Richard M. Nixon (R.)	Dem. Party	Dem. Party

<sup>1</sup> D—Democrat; R—Republican.

## Presidents, Vice-Presidents and Secretaries of State

No.	President	Vice-President	Secretary of State
28.	Woodrow Wilson 1913 <sup>1</sup>	Thomas R. Marshall 1913	William Bryan 1913
29.	Warren G. Harding 1921		Robert Lansing 1915
30.	Calvin Coolidge 1923	Calvin Coolidge 1921	Bainbridge Colby 1920
		Charles G. Dawes 1925	Charles E. Hughes 1921
31.	Herbert Hoover 1929	Charles Curtis 1929	Charles E. Hughes
32.	Franklin D. Roosevelt 1933	John N. Garner 1933	Frank B. Kellogg 1925
		Henry A. Wallace 1941	Henry L. Stimson 1929
33.	Harry S. Truman 1945	Harry S. Truman 1945	Cordell Hull 1933
		Alben W. Barkley 1949	Edward R. Stettinius, Jr. 1944
34.	Dwight D. Eisenhower 1953	Richard M. Nixon 1953	James F. Byrnes 1945
35.	John F. Kennedy 1961	Lyndon B. Johnson 1961	George C. Marshall 1947
36.	Lyndon B. Johnson 1963	Hubert H. Humphrey 1965	Dean G. Acheson 1949
37.	Richard M. Nixon 1969	Spiro T. Agnew 1969	John Foster Dulles 1953
		Gerald R. Ford 1973	Christian A. Herter 1959
38.	Gerald R. Ford 1974	Nelson A. Rockefeller 1974	Dean Rusk 1961
			Dean Rusk
			William P. Rogers 1969
			Henry A. Kissinger 1973
			Henry A. Kissinger 1974

<sup>1</sup> Year of taking the post.

## Appendix No. 6

## Justices of the United States Supreme Court

Joseph McKenna	1898-1925	Harlan F. Stone*	1941-1946
Oliver W. Holmes	1902-1932	James F. Byrnes	1941-1942
William R. Day	1903-1922	Robert H. Jackson	1941-1954
Willis Van Devanter	1910-1937	Wiley B. Rutledge	1943-1949
Edward D. White*	1910-1921	Harold H. Burton	1945-1958
Mahlon Pitney	1912-1922	Frederick M. Vinson*	1946-1953
James C. McReynolds	1914-1941	Tom C. Clark	1949-1967
Louis D. Brandeis	1916-1939	Sherman Minton	1949-1956
John H. Clarke	1916-1922	Earl Warren*	1953-1969
William H. Taft*	1921-1930	John Marshall Harlan	1955-1971
George Sutherland	1922-1938	William J. Brennan, Jr.	1956-
Pierce Butler	1922-1939	Charles E. Whittaker	1957-1962
Edward T. Sanford	1923-1930	Potter Stewart	1958-
Harlan F. Stone	1925-1941	Byron R. White	1962-
Charles E. Hughes*	1930-1941	Arthur J. Goldberg	1962-1965
Owen J. Roberts	1930-1945	Abe Fortas	1965-1969
Benjamin N. Cardozo	1932-1938	Thomas R. Marshall	1967-
Hugo L. Black	1937-1971	Warren E. Burger*	1969-
Stanley F. Reed	1938-1957	Harry A. Blackmun	1970-
Felix Frankfurter	1939-1962	Lewis F. Powell, Jr.	1972-
William O. Douglas	1939-	William H. Rehnquist	1972-
Frank Murphy	1940-1949		

\* Chief Justices



## Appendix No. 7

Strike Movement  
(Official Statistics)<sup>1</sup>

Year	Strike	Participants (thousand)	Man-days lost (thousand)
1917	4,450		
1918	3,353		
1919	3,630		
1920	3,411		
1921	2,385		
1922	1,112		
1923	1,553		
1924	1,249		
1925	1,301		
1926	1,035		
1927	707	330	26,200
1928	604	314	12,600
1929	921	289	5,350
1930	637	183	3,320
1931	810	342	6,890
1932	841	324	10,500
1933	1,695	1,170	16,900
1934	1,856	1,470	19,600
1935	2,014	1,120	15,500
1936	2,172	789	13,900
1937	4,740	1,860	28,400
1938	2,272	688	9,150
1939	2,613	1,170	17,800
1940	2,508	577	6,700
1941	4,288	2,360	23,000
1942	2,968	840	4,180
1943	3,752	1,980	13,500
1944	4,956	2,120	8,720
1945	4,750	3,470	38,000
1946	4,985	4,600	116,000
1947	3,693	2,170	34,600
1948	3,419	1,960	34,100

<sup>1</sup> Prior to 1927 there was no official statistics on the numbers of strikers or the man-days lost.

Year	Strike	Participants (thousand)	Man-days lost (thousand)
1949	3,606	3,030	50,500
1950	4,843	2,410	38,800
1951	4,737	2,220	22,900
1952	5,117	3,540	59,100
1953	5,091	2,400	28,300
1954	3,468	1,530	22,600
1955	4,320	2,650	28,200
1956	3,825	1,900	33,100
1957	3,673	1,390	16,500
1958	3,694	2,060	23,900
1959	3,708	1,880	69,000
1960	3,333	1,320	19,000
1961	3,367	1,450	16,300
1962	3,614	1,230	18,600
1963	3,362	941	16,100
1964	3,655	1,640	22,900
1965	3,963	1,550	23,300
1966	4,405	1,960	25,400
1967	4,595	2,870	42,100
1968	5,045	2,649	49,018
1969	5,700	2,481	42,869
1970	5,716	3,305	66,414
1971	5,138	3,280	47,589
1972	5,010	1,714	27,066
1973	5,600	2,200	27,000

# Appendix No. 8

## Landmarks in Recent US History

### 1918

January 8	President Wilson announced US aims in World War I and his "Fourteen Points" for peace
November 11	World War I ended

### 1919

February 14	Wilson proposed a draft for the organization of the League of Nations at the Paris Conference
September 1	Communist Party of America organized
September 2	Communist Labor Party of America founded

### 1920

May 5	Sacco and Vanzetti arrested and charged with murder
November	Trade-Union Educational League founded

### 1921

May 15	Communist Party of America and Communist Labor Party of America merged
July 2	US Congress terminates state of war with Germany
November 12, 1921 to February 6, 1922	Washington Conference

### 1922

February 22	Conference for Progressive Political Action founded
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### 1923

January 10	American occupation troops fully withdrawn from Germany
August 2	Death of President Harding

### 1924

January 13	First issue of Communist newspaper <i>Daily Worker</i> printed
August 30	Dawes Plan initiated

### 1925

May 5	Teacher John Scopes arrested in Dayton, Tennessee, for violation of state statute forbidding teaching of theory of evolution
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### 1926

May 20	Adoption by Congress of the Railway Labor Act
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### 1927

August 23	Execution of Sacco and Vanzetti
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### 1928

August 27	Briand-Kellogg Pact ratified
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### 1929

June 15	Adoption of Agricultural Marketing Act
October 24	Bottom dropped out of stock market



*1930*

March 6 First nationwide demonstration by unemployed  
July 4 National Unemployment Congress

*1931*

June 20 Herbert Hoover called for a "moratorium"  
on reparations and war debts  
July Croppers' Union founded in Alabama  
December 7 First national unemployment march on Wash-  
ington

*1932*

January 22 Reconstruction Finance Corporation founded  
March 23 Norris-LaGuardia Act approved  
May 3 National Farmers' Holiday Association estab-  
lished  
May-July Veterans' March on Washington  
December Second national unemployment march on  
Washington

*1933*

March 9 Special session of Congress convened and  
Emergency Banking Act adopted  
May 12 Agricultural Adjustment Act (AAA) adopted  
June 16 National Industrial Recovery Act (NIRA)  
adopted  
November 16 Diplomatic relations established with the  
Soviet Union

*1934*

July 16 General strike begins in San Francisco

*1935*

July 5 Wagner Act signed into law  
August 14 Social Security Act adopted  
August 31 Neutrality Act signed into law

November 9

Committee for Industrial Organization under  
John L. Lewis founded

*1936*

December 30

A "sit-down" strike begins in Flint, Michigan

*1937*

February 5

Franklin D. Roosevelt sent Congress a mes-  
sage calling for reform of the federal  
judiciary

October 5

F.D.R. gives "quarantine speech" in Chicago

*1938*

February 16

Adoption of second Agricultural Adjustment  
Act

May 26

Establishment of House Un-American Activi-  
ties Committee

June 25

Signing into law of Fair Labor Practices Act

November

Founding of Congress of Industrial Organiza-  
tions (CIO)

*1939*

September 5

USA proclaims neutrality after outbreak of  
World War II on September 1

*1940*

June 28

Adoption of Smith Act (Alien Registration Act)

September 16

Congress adopts US first peacetime conscrip-  
tion measures

*1941*

March 11

Lend-Lease Act adopted

August 14

Signing of Atlantic Charter

December 7

Japanese attack on Pearl Harbor

1942

January 12	Establishment of National War Labor Board
June 4-6	American navy victorious at Midway
November 7	American troops disembark in North Africa

1943

June 25	Connally-Smith Act adopted
July 10	Anglo-American task force lands in Sicily
November 28-December 1	Roosevelt participated in Teheran Conference

1944

June 6	Anglo-American force lands in France
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1945

February 4-11	Roosevelt participates in Yalta Conference
April 12	Death of Roosevelt
April 24-June 26	Charter Conference of United Nations in San Francisco
May 9	Capitulation of Germany
July 16	First atom bomb tested
July 17-August 2	Potsdam Conference
August 6	Atom bomb dropped on Hiroshima

1946

November 9	Wage and price controls abolished
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1947

March 12	Proclamation of Truman Doctrine
June 5	Announcement of basic elements of Marshall Plan
June 23	Congress adopts Taft-Hartley Act
September 2	Rio-de-Janeiro Pact signed

1948

March 30-May 2	Founding of the Organization of American States (OAS)
July 12	Twelve leaders of the Communist Party USA accused of attempting to overthrow the US government
July 23-25	Founding of the Progressive Party USA

1949

April 4	North Atlantic Treaty signed in Washington and NATO founded
October 14	A guilty verdict reached in the trial of eleven of the accused Communist leaders

1950

June 27	Truman ordered the US armed forces to begin their invasion of Korea
September 23	Congress adopted the Internal Security Act (the McCarran Act)

1951

April 11	General Douglas MacArthur removed from post as Commander of the Armed Forces in the Far East
September 8	Peace treaty signed with Japan and American-Japanese "security pact" approved

1952

July 25	Congress passed the McCarran-Walter Immigration and Naturalization Act
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1953

July 27	A truce signed in Korea
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1954

May 17	Supreme Court declares school segregation unconstitutional
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August 24	Communist Control Act passed
September 8	SEATO established
December 2	Senate passes censure motion against McCarthy

#### 1955

July 18	Geneva Conference opened with the participation of President Eisenhower
December 5	Merger of AFL and CIO

#### 1956

November 13	Supreme Court declared segregation on inter- and intra-urban transport to be unconstitutional
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#### 1957

February 9	Sixteenth Convention of the US Communist Party opened
September 9	For the first time since 1875 a law passed defending the civil rights of Blacks

#### 1958

January 31	The first American space satellite launched
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#### 1959

July 15, 1959- Jan. 4, 1960	Steelworkers' strike
December 10	Seventeenth Convention of the US Communist Party opened

#### 1960

October 20	Embargo on exports to Cuba initiated
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#### 1961

April 17	Bay of Pigs invasion of Cuba
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#### 1962

October 24- November 20	The US Navy blockades access to Cuban ports
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#### 1963

August 5	Nuclear Test Ban Treaty in the Atmosphere, Outer Space and Underwater signed in Moscow
August 28	Civil rights march on Washington
November 22	John F. Kennedy assassinated in Dallas, Texas

#### 1964

July 2	Civil Rights Act passed
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#### 1965

April	Lyndon B. Johnson decides to send 50 thousand American soldiers to Indochina
August 11-16	Uprising in Watts, the Black ghetto in Los Angeles. The casualties included 35 dead and hundreds wounded

#### 1966

June 22	Eighteenth Convention of the US Communist Party opened
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#### 1967

October 21-22	Large-scale demonstration against the Vietnam War held in Washington
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#### 1968

April 4	Assassination of Martin Luther King
June 5	Assassination of Robert F. Kennedy
July 12	Nuclear Non-Proliferation Treaty signed
July 16	First issue of Communist newspaper <i>Daily World</i> rolls off the press
July 22	Founding of Alliance for Labor Action

1969

- April 30-  
May 4 Nineteenth Convention of the US Communist Party. New party platform adopted
- May 27-28 First Conference of the Alliance for Labor Action
- July 20 Neil Armstrong and Edwin Aldrin walk on the Moon
- October 15 Nationwide demonstration against the war in Vietnam (Vietnam Moratorium Day)

1970

- February 7 Founding of the Young Workers Liberation League (Communist-sponsored)
- April 30 Nixon makes public the ongoing invasion of Cambodia

1971

- January 30 US-South-Vietnamese incursion into Laos
- June Publication by a number of US newspapers of Pentagon Papers uncovering US role in unleashing the war in Vietnam
- August 15 Nixon announces emergency economic program

1972

- February Twentieth Convention of the US Communist Party
- May 22-30 Nixon's visit to the USSR
- June California court finds Angela Davis innocent of charges brought against her

1973

- January 27 Paris Peace Accords on Vietnam
- June 18-25 Visit by General Secretary of the CC CPSU Leonid Brezhnev to the USA
- October 10 Resignation of Vice-President of the USA Spiro Agnew

December 6

Confirmation of Gerald Ford as Vice-President of the USA

1974

- June 27-July 3 Visit by President Nixon to the USSR
- August 8 Resignation of President Nixon
- August 9 Inauguration of Gerald Ford as 38th President
- August 20 Confirmation of Nelson Rockefeller as Vice-President



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